FINANCIAL TIMES

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News Summary

GENERAL

Ferry blaze: captain charged

...etrios Antypas, 43, captain ...e Greek car ferry in which ...st 24 people died and hun... ...s were injured when it ...ht fire and burned off the ...n coast, was charged yes... ...y with multiple man... ...hter at Brindisi, the port ...hich the vessel was towed.

...ndisi's port commander an... ...ced that among documents ...inded had been the ferry's ...y certificate, which showed ...as allowed to carry 62u ...e. Apart from the dead ...ossible missing, some 1,150 ...e were known to have been ...ed from the vessel, the ...nna.

...e arrest warrant alleged ...the ferry was overloaded ...acked adequate safety equip... ...and that the captain failed ...p passengers in difficulty.

...dat: one ...re try

...: President Sadat declared ...ight he would give the U.S. ...er chance to solve the ...st conflict, but reiterated ...'war or peace by year's ...stance. Of tomorrow's ...cile on Egypt-Syria-Libya ...tion, he said Egypt would ...e its name to "The Arab ...lic of Egypt," from Thurs...

...ller, he was quoted as say... ...the U.S. supplied huge ...lies of weapons to Jordan, ...had "opted out" of the ...ith Israel.

...liday wash-out

...weather kept roads fairly ...ver the holiday week-end ...id not stop train-travelling ...er boys" from causing ...at Southend. At Weston... ...Mare dozens more youths ...ed. holidaymakers but ...police prevented serious ...e. Page 4

...tival angels

...nwhile, about 90 people ...lo face charges as a result ...e Hell's Angels fracas at ...eeley, Essex, pop festival. ...e the arrests, Chief Con... ...John Nightingale said ...was "nothing but praise" ...e conduct of most of the ...l-goers.

...er manhunt

...hunt continued for ...l Forbes, 36, who escaped ...Peterhead Prison, Aber... ...ire, where he was serving ...term for a murder com... ...shortly after he had been ...on licence from another ...r sentence. Police warned ...s dangerous.

...vell: girl held

...nan who has been helping ...searching for Frederick ...i Sewell, wanted in con... ...n with the Blackpool police ...g, was driven to Black... ...nd was expected to appear ...special magistrates sitting ...orning.

...e trio die

...racing motor-cyclists were ...in a crash involving five ...outfits on the first lap of ...at the Oulton Park circuit, ...re. Three other competi... ...ere injured.

...efly . . .

...Premier Gandhi is to visit ...officially from October ...November 3.

...urgh Castle reopened to ...ublic after the week-end ...which damaged several ...At Windsor Castle 2,000 ...s were evacuated because ...omb scare. Nothing was ...

...President Thieu—sole ...ate for next month's pre... ...al election—will have ...the same two-thirds ...ty in the new National ...bly as in the old unofficial ...s for national-wide elec... ...re confirmed.

...e-of-four and a man were ...dead after a shooting ...at an Ilton, Somerset, ...house.

...m Bond 2DT 612805 won ...eek's £25,000. The winner ...n Manchester.

...Oaksey, better known as ...Justice Lawrence and who ...nced death sentences on ...at Nuremberg, died aged ...

...Hailsham lost several hun... ...pounds worth of articles ...raid by thieves on his ...London home.

...r of East Pakistani ...s in India has topped ...New Delhi reported.

...aviation officials said ...lanned to raise from the ...morrow the Ilyushin 18 ...crashed just before land... ...Kastrup airport, killing 31 ...The crash's cause is still ...own.

BUSINESS

Wall St. sags—6.72 off

● **WALL STREET** stocks were dull yesterday. The Dow Jones Average ended 6.72 down at 901.43. Analysts said the market was due for a pause after the "Nixon rally": the trading volume was the lowest for more than a week at 11.12m. shares. Some profit-taking was reported but the main factor was buyers' hesitancy, possibly induced by semi-official suggestions that the Administration was considering a freeze on profits and dividends. Page 40

● **SILVER FUTURES** fell in New York, spot dropping 5.70c to 149.10c, lowest since 1967. There were heavy deliveries against the September contract. Speculative liquidation was prompted by loss of confidence in silver as a currency hedge. Page 39

Leyland car men re-start

● **BRITISH LEYLAND'S** management is this week to recall progressively the 3,000 men laid off at Longbridge and 3,200 at the Castle Bromwich body works made idle last week by the strike of Longbridge engine dispatchers—who have decided to return. Their decision came after a warning by Triumph division chairman Mr. W. H. Davies to his employees that unless production performance was improved redundancies would be certain. Triumph output is being restricted by internal drivers' go-slow in a manning dispute.

● **IF UCS SHOP STEWARDS** carry out their threat of non co-operation, the Government plan to set up a provisional Board for a new company may run into trouble. Senior Clydebank yard shop steward Mr. James Reid has said the new Board would follow Government lines of a severely curtailed operation based on the Govan and Linthouse yards; they had made it clear that their co-operation depended on keeping all four yards going. Back Page

Bear Brand link-up

● **BEAR BRAND** directors hope to sign a contract in the next few days for a trading agreement with a major overseas hosiery manufacturer. Under this Bear Brand would get a number of modern machines on loan, with technical aid and advice, and would supply a range of hosiery, non-competitive with its own U.K. sales, to its overseas partner at a manufacturing profit. The directors say their statement is made early because proxies are being sought to oppose re-election to the Board, at next Friday's meeting, of Mr. Frank Welsh, Lloyds Bank's nominee. Meanwhile a move is on foot to re-elect Mrs Ann Ford to the Beard Brand Board. Back Page

● **WINE SALES** reached their peak in Britain in 1971's first half. Clearances from bond, at 16.67m. gallons, were 28.7 per cent. above those of the 1970 half and well above the previous record 14.26m. gallons of 1968's first half—before duties were raised. Page 37

● **IOS LTD.**, parent of Investors Overseas Services, reports a $43m. loss for 1971's first half against $25m. in the 1970 first half. But with 1971 losses down to $4m. in the first quarter and $0.3m. in the second a break-even by September was expected. Back Page

Coffee quota fixed at 47m.

● **INTERNATIONAL COFFEE** Council, in a compromise solution, has set coffee export quotas at 47m. 60-kilo bags, with a pricing arrangement for adjusting the supply volume. The quota will go up by 1m. bags if the ICO daily composite indicator price rises to 45 U.S. cents a lb, by another 1m. if 46.25c is reached and 1m. further at 47.50c. Page 39

● **£173M. BUILDING** programme for primary and secondary schools for England and Wales in 1973-74, announced by the Department of Education and Science, will include £48m. for Mrs. Thatcher's drive to improve or replace old primary school buildings. The £48m., with £43.5m. already allotted for 1972-73, will cover renovation of nearly 1,000 old buildings. Page 4

Foreign exchange markets face new tests today

BY SAMUEL BRITTAN

When the foreign exchange markets reopen to-day they will have to digest both the controlled floating of the Japanese yen and the imposition, practically for the first time in living memory, of foreign exchange controls designed to prevent the inflow of foreign exchange into this country.

The authorities claim that exchange control measures are precautionary and do no reflect alarm over the modest appreciation of sterling last week. In any case this appreciation was mostly in relation to the dollar and was insignificant in relation to the weighted average of other currencies.

It therefore follows that the Treasury and the Bank of England were mainly prompted by the fear that, with the yen floating, speculative forces would transfer themselves to sterling.

The anomalous situation now exists of severe exchange controls on both outward and inward movement of funds into London. Long-term overseas investment has not only to obtain official permission, but, if granted, has normally to bear a surcharge in the shape of the dollar premium, which amounted on Friday to 23¾ per cent.

There are in addition stringent regulations, enforced by the threat of criminal prosecutions, requiring British residents who acquire foreign exchange to convert it into sterling with a minimum of delay. Now, however, overseas residents are being strongly discouraged from depositing foreign exchange in London. A ban has been enforced since last January on British firms borrowing for domestic purposes in the Euro-dollar market for periods of less than five years.

Four options

The British authorities had four options open to them. They could have been content to observe the movements of the market and not taken action unless the threat they feared actually materialised. They could have lowered domestic interest rates. They could have intervened in the market to put a brake on the sterling rate; and they could have imposed exchange controls, as they actually did.

The first alternative—watching the market before acting—was presumably rejected because of the fear—usual on the part of the Bank and Treasury when market processes are involved—that this would be too risky. A reduction of interest rates was, it was claimed, inappropriate for domestic reasons. No doubt, too, it was argued that in times of speculative pressure interest rate considerations are secondary.

The authorities were not prepared to buy dollars, both because of the currency risk involved and because of the potential impact on the domestic money supply. Given the carefully controlled nature of the float that has taken place so far, especially by the Japanese yen, and the existence of the U.S. surcharge, there is a very good chance indeed that the depreciation of the dollar has a good deal further to go.

Thus, while opinion in the foreign exchange market is likely to support the reluctance of the authorities to buy more dollars, it is likely to press for a review of the complicated and conflicting tangle of exchange

Continued on Back Page
See also Page 5

Japan wants to hold yen revaluation at 8%

BY OUR OWN CORRESPONDENT TOKYO, August 30.

JAPAN is not prepared to revalue the yen by more than 8 per cent. the U.S. will be told firmly at the negotiations between the two countries on September 9 in Washington. This figure is regarded as a compromise between the test exchange flotation rate of between 5 and 6 per cent. and Washington's claim that the revaluation should be of at least 10 and preferably of 15 per cent.

But Japan does not intend to offer even this compromise as long as the U.S. is not prepared to remove the surcharge on foreign imports. Reports reaching Japan to-day suggested that the U.S. does not intend to withdraw the surcharge even in return for a meaningful yen revaluation.

Mr. Maurice Stans

Financial experts in Tokyo tend to agree that if co-operation with the U.S. is not forthcoming Japan may well stick at a 4 or 5 per cent. revaluation and try to create a common front with West European nation against the U.S. Against this, however, it must be said that European countries are just as anxious as the U.S. to see a sizeable yen revaluation.

The Japanese seemingly intend to claim that the Nixon Administration's view that the yen is undervalued by between 10 and 15 per cent. is nonsense. To illustrate their contention they hope to keep the floating yen within 7 per cent. of the old official rate of 360 to the dollar.

One of the difficulties with this position is that the trading on the Tokyo exchange market on Saturday and to-day cannot be considered to have provided a realistic examination of the yen's actual value. Even Tuesday's market situation may not provide this.

Most observers of the Tokyo foreign exchange market contend that Wednesday may provide a considerably better indication of the true value of the yen, provided that the Bank of Japan is more circumspect in intervening and provided European speculators are not restricted to too great a degree.

In the meantime some of Tokyo's more outspoken officials have been suggesting that there may be a serious clash between the U.S. and Japan at next month's Washington meeting. These comments have been provoked, at least in part, by a television interview given on Sunday by the U.S. Secretary of Commerce, Mr. Maurice Stans.

Mr. Stans told newsmen the U.S. Government hoped the yen would be revalued by a wider margin than those of any other major world currencies. He added that the import surcharge would not be removed until Japan's "trade barriers" came down.

From the Japanese viewpoint, this is rubbing salt in the wounds. The Japanese Finance Ministry, for example, contends that it has played the game within the rules but when Mr. Stans, an unpopular figure in Japan, points his finger at Japan's failure to liberalise imports realistically, this is too much for Japan to swallow.

The Japanese economy after the float, Page 8

Pay claims for 2m. will test Government's 8% norm

BY JOHN ELLIOTT, LABOUR EDITOR

MAJOR PAY negotiations for nearly 2m. workers in local government and the construction industry are due to get under way during the coming month, providing new tests in both the public and private sector for the Government's efforts to bring the level of wage settlements to below 8 per cent.

Local government manual workers' union negotiators have told employers they want substantial increases and are expected to aim at raising their minimum rate of £16.25 up to around the TUC's new minimum wage target of £18, an increase of about 10.5 per cent.

Cost of living

In addition they want a "cost of living threshold agreement," of the type being urged on the National Economic Development Council by the TUC, which would provide for, say, an extra 10p a week for every point that cost of living rose above a threshold of around 3 per cent. The union officials have also claimed 10 per cent. "lieu" bonuses to be paid by local councils not operating productivity schemes.

The 770,000 local council manual workers' negotiations are specially significant because they come at the beginning of the new round of public service wage claims—following on from the 200,000 Government industrial workers who recently settled for 8½ per cent. The dustmen, sewage workers and other council employees, have been engaged in strikes over their claims for the last two years.

But, at around 10½ per cent., this year's claim is significantly lower than last year's 20 per cent. and with the Government now setting its sights on moving the "going rate" for deals down below the 8 to 10 per cent. which has been the rule in the public sector for some time, the claim could lead to realistic negotiations.

But the local council employers, who traditionally do not like to be regarded as "trail blazers," may well not want to be the first significant group to agree to a threshold cost-of-living clause. If they do take this line, the union negotiators will make it clear that a rejection of this would mean they would press hard for a larger basic increase.

Basic rate

The construction industry claim has been lodged and is expected to be answered by the National Federation of Building Trade Employers within a few weeks, after union leaders have submitted details of what they want.

So far they have told the NFBTE they want the industry basic craftsmen's rate of £20 for 40 hours increased to £30 for 35 hours with proportional increases for the rest of the industry's 1m. workforce. Parallel negotiations will be held with civil engineering contractors.

But although this amounts to a 50 per cent. increase even without the reduction in hours, union leaders claim that most of the cost could be covered by employers stopping the extra payments which contractors award individually on site and which undermine the national negotiations by boosting earnings often to £50 or more a week in major cities like Birmingham and London.

Employers divided

However, the employers are divided as to whether a large and realistic basic rate is the answer to their problems. Their last deal in November, 1969, of 26 per cent. spread over 2¼ years was supposed to have been offset by some plus payments being stopped, especially on large sites, but this does not appear to have happened. On the other hand the unions argue that if the basic was pitched high the extras would have to disappear because contractors would not be able to afford them.

In any case it seems the building employers will not want to offer more than about 10 per cent.—bringing the rate to around £22—and are likely to prefer a one-year deal, partly because of their current efforts to persuade the Government to restrict public sector construction contracts to fixed terms of not more than one year.

There will also be an argument with the unions over the timing of any new rises, with the employers refusing increases before next June when the current deal expires and the unions wanting them to be paid earlier.

Sterling's advance halted abroad

BY WILLIAM KEEGAN

THE recent upward movement in sterling was halted yesterday on the Continental and New York foreign exchange markets following the week-end announcement of exchange controls to stem the inflow of hot money into the U.K.

While the London market was closed for the Bank Holiday, dealings in most other centres were extremely quiet, and there was little change from the basic pattern of rates established by the end of last week.

The newly-floating Japanese yen remained at Saturday morning's level, showing a revaluation of 5 per cent. and sterling was quoted in the region of Friday's close of $2.47.

Paris support

The dollar rose very slightly against the Swiss franc and the Dutch guilder, but it again had to be supported in Paris, where the French Government is holding the rate for commercial francs at their ceiling of Frs. 5.5125 to the dollar.

However, the dollar weakened further against the floating "financial" franc, which yesterday afternoon was showing an appreciation of 4 per cent. against the dollar. In Spain, the authorities lowered their support point for the dollar against the peseta, but kept it within the International Monetary Fund's 1 per cent. margin.

When the London market re-opens to-day, one of the most important elements of the new exchange control regulations from the dealing point of view will be the Treasury's statement that: "The extent to which authorised banks may convert foreign currency deposits into sterling is being restricted."

This concerns the technical operation under which banks acquire spot sterling through the sale of foreign currency, and reverse the transaction by means of a forward swap maturing sometime later.

Thus a bank goes to the Euro-dollar market, borrows say $1m. for three months, and sells it for spot sterling. While it is selling the borrowed dollars, it simultaneously buys them back in the forward market, for delivery on the date when it has to repay the original Eurodollar loan.

Interest

Meanwhile the bank is "long" of sterling, and normally makes use of this money to earn interest in the U.K., until the point where it has to sell the sterling to repay the original borrowing.

While such operations are not being stopped outright, banks are being told that from to-day they must not allow a situation to develop in which, overall, their net spot position in foreign currency, becomes a short position covered by net forward purchases.

ICI raising DM100m. in Germany

By Malcolm Rutherford

BONN, August 30.

ICI IS to raise a further DM.100m. on the German capital market next month, after having raised £15m. in a joint sterling-D-Mark bond offering only a few weeks ago.

Permission for the new issue to go ahead was given by the Central Capital Market Committee meeting in Frankfurt to-day. The announcement came as something of a surprise, and the precise terms are not yet known, although the coupon is confidently expected to be 8 per cent. The consortium leader will be the Dresdner Bank, but it is understood that the consortium has not yet been fully formed.

No objection

ICI's previous sterling-D-Mark issue was managed jointly by S. G. Warburg, Deutsche Bank and J. Henry Schröder Wagg. The company is believed to have informed these banks at the time that it would shortly plan a second issue, and they expressed no objection. Bond market sources said to-day that the company had probably judged it wiser to make a split. The D-Mark issue will be used to finance further expansion outside the United Kingdom.

The only other foreign issue approved by the committee to-day was of DM.100m. for the Firestone Tire concern, of the U.S. But the capital market sub-committee which deals exclusively with foreign borrowers may meet again as soon as September 6.

THE £ ABROAD

—	Close Aug. 30	Close Previous
New York Spot	$2.4650-4650	$2.4715-4730
Do. 1 month	0.36-0.45prem	0.55-0.45prem
Do. 3 months	0.36-0.45prem	0.40-0.35prem
Do. 12 months	0.45-0.15 dis	0.35-0.15 dis

Pressure to secure Irish border grows

BY ARTHUR SANDLES

BELFAST, August 30.

THERE is considerable pressure on civil and military authorities here to increase greatly security on the Ulster/Irish Republic border. Although sealing is impossible, other courses are being considered after the shooting incident at Crossmaglen, near the border in which a British soldier was killed and another injured.

What is being suggested in Belfast is that about 130 "unapproved" border roads be cut permanently rather than with temporary barriers. Additionally, a car curfew might be imposed which would not need as much manpower as a full-scale curfew.

Deterrent

None of the solutions being considered would close the border, but they would be an extra deterrent.

The Crossmaglen incident has come at a time when Stormont, like Dublin, has been playing it cool after previous weeks in which the tempers of both Mr. Lynch and Mr. Faulkner had flared. Even to-day, there was no official Stormont comment on the border affair.

The only top-level Unionist view on the incident has come from Mr. John Taylor, a junior Ulster Minister. He suggested that there might be a rapid build-up in the strength of the Ulster Defence Regiment (a locally recruited part-time Army support force) or if necessary a "third force."

The suggestion of a "third force" will provoke memories of the "B Specials" among Catholics. The formation of such an organisation is unlikely unless the security situation got totally out of hand. However, it is clear that at the moment the 12,000-strong British Army is tied down in urban centres like Londonderry and Belfast.

Even to-day the Army's attention was diverted temporarily from the border. Rioting broke out once more in the heavily patrolled Crumlin Road area of Belfast. Stones flew and at least one nail bomb was thrown. For about two hours a street battle raged between troops and about 150 men.

Eventually the crowd was forced back with the aid of rubber bullets in the Ardoyne area where it eventually broke up.

The Army here is insisting in its reports of the Crossmaglen exchange that at no time did its men open fire within the Republican borders. It says the IRA shots definitely came from the South.

The Army does say that it did fire back across the border. Definition of rights and wrongs in the present argument will be difficult since local residents are only vaguely aware of where the border runs.

There are still several aspects of the incident requiring detailed examination. It has surprised some people here that large crowds were on the spot for what is said to have been an accidental occurrence and also that an Irish television crew was on hand. However, if the incident was pre-arranged, the locals must have expected the Army to cross the border which suggests that it had been done before.

Explosions

There is little doubt that Mr. Faulkner and his Unionist colleagues are more than eager to reduce the political temperature here, but it is difficult with so many incidents in the news. At least 10 bombs exploded in Ulster over the holiday week-end.

If Stormont can keep the word-war at a low key, it may help to calm the Protestant militants. It is hardly a secret that the Protestants, loosely organised in the Ulster Volunteer Force, are themselves heavily armed.

To-morrow, details of the independent inquiry into allegations of Army brutality involving Ulster detainees are expected. Although it is more than a week since the setting-up of the inquiry was announced, it is thought that the holiday period made the appointment of inquiry members difficult.

Dublin's help needed, Back Page

ON OTHER PAGES

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Water resources · Brand managers · Direct debi

Sir,—It is sad that none of the letters replying to my proposals for the reorganisation of water extraction, river authorities and sewerage into multi purpose authorities really contributed to the discussion.

The editorial director of Civil Engineering and Public Works Review (August 13) did suggest nuclear power stations which might be excellent for the construction industry but which would probably have rendered half the miners in this country unemployed. The only other suggestion he seemed to have was to accuse me of attacking local authorities because I said that they were the worst polluters pumping raw sewage into our rivers. He tried to show I was wrong by using statistics indicating that more had been spent on sewage than water supply and that there are fish in the Thames.

My own findings, gained not from a book, but by talking to river authorities—everyone still calls them "boards"—main drainage authorities, local authorities, research associations and some 40 industrial firms, have shown me that the rivers in the South are generally clean. The River Lea has at its source Luton Sewage Works, a finely run local authority undertaking. Even so, there are those which are overloaded and without adequate technical control staff.

Improving

Rivers in the Midlands are polluted but improving, as a result of enormous efforts by river and main drainage authorities, industry and local authorities. The Trent begins in a highly polluted state, partly from inadequate sewers liable to overflow, unchartered drains and industrial pollution. The Upper Tame Main Drainage Authority is one of the best in the country. As a result of control, and dilution down stream, fish are reappearing in the Trent in places.

If there is no pollution from raw sewage, why all the fuss and expenditure on the Tyne? How does sewage end up on our beaches? How many local authorities have no facilities at all?

Matters will only improve when sewerage is financed adequately. I believe that this would be most effectively achieved by a charge levied on water consumption which in turn means multi-purpose authorities.

I appreciate that water companies are in the business to sell water and the chairman of that association (August 17) warns of growing demand, but he makes no mention of conservation.

Much more expensive water could result in avoidance of waste, recycling and purification by industry. To what extent could the increased demand be offset by better use? No one likes change, but Sir John Cockram did acknowledge that multi-purpose authorities might ultimately be the most efficient units—at a future date.

The answer to his and Mr. Calvert's fear (August 20) that multi-purpose authorities would have their Cinderellas in the balance of funds for sewerage and water is surely found in our large diversified public companies. Their Boards, trained in large-scale management, appear to have little difficulty. The Secretary of the Association of River Authorities (August 24) was quick to recognise these points. Why shouldn't the new authorities be public companies raising their capital on the market and run on commercial lines?

Enlightened organisations have seen fit to make available construction, water technology and management expertise in one package to those requiring their services. Associated consultants in water affairs are an example. Why should it be less vital to modernise the water cycle in ways in which Sir John Cockram agreed were desirable for each of the components?

A number of letters which I have received privately have recognised this need. Can we not look beyond our own cabbage patches as the divisions of good industrial companies do or must reorganisation always be decreed by government?

Charles Simeons.
House of Commons,
S.W.1.

Anti-dumping duty

Sir,—It is announced that the Government is to impose an anti-dumping duty on imports from Russia of chromium anhydride an important chemical used in the process of chromium plating. This order is made to allow the Government to make full investigation into charges from British producers that the Russians are introducing the chemical to the British market at below cost prices. Apart from the folly of denying the users of chromium anhydride the opportunity of buying cheaply from any available source it is certain that there could be retaliation against British exports should the same policy be adopted in many other countries. It might rightly be claimed that as a result of various forms of direct and indirect subsidisation many British exports are being sold abroad at below true cost.

The opinion of the users of chromium anhydride should be also heard.

Bringing the issue nearer home are we going to put a prohibition on every store in Oxford Street that wants to dispose of stocks at their summer or winter sales at prices which may on occasion be below cost of production? Is it not time that this bolstering of uneconomic producers be stopped and more consideration be given to the consumers? Not so long ago we found our Government asking foreign suppliers of fertilisers to put their prices up in the interests of British producers who despite everything done for them have raised their list prices by 17 per cent. since the beginning of this year. There was a time when it was recognised that our people strengthened their economy, accumulated wealth and buttressed their currency by buying from the cheapest market and selling to the best advantage. It is time we thought again.

S. W. Alexander.
President,
Free Trade League,
177 Vauxhall Bridge Road,
S.W.1.

Chartered companies

Sir,—Carron, according to Men and Matters (August 25), is "the only manufacturing company to hold a Royal Charter." This claim could be challenged. The Wilton Royal Carpet Factory, for instance, boasts a Royal Charter granted by William III in the year 1699.

In France, the Saint-Gobain glass undertaking was established by a charter of Louis XIV in the month of October, 1665. And the great Swedish concern Stora Kopparbergs Bergslag still has the Charter of Privileges granted to it by King Magnus Eriksson in February, 1347. (The photograph of the charter in the "Historical Survey" of the company shows that most of its seals are still intact.)

The Carron Company has other claims to fame besides its charter. It gave us the word "carronade." It also gave us Carron oil.

Henry G. Button,
17, *Kent Avenue, Ealing, W.13.*

Brand managers' failure

Sir,—While many among our ranks may well be over-paid and over-promoted (though rarely under-worked), the real question concerning brand management's failure is "who's to blame?" Unfortunately, although Antony Thorncroft's article (August 26) contained many extremely valid observations, it did not attempt finally to answer this critical question.

Neither marketing itself nor the system of brand management has proved to be the panacea for profitable progress which many individuals and companies have so unrealistically expected of them over the past 15 years or so. However, both still have tremendous potential for the future—but only if they are correctly used.

Brand management has worked well in the U.S. and in many companies in the U.K. The principal reasons for its widespread failure are twofold. First, the brand manager does not possess the real responsibility—and authority—for his brand(s). Without that it is difficult to sustain the required profit-consciousness and competitive impetus. Second, if a brand manager of a national brand(s) is to wield the correct degree of influence within the company he simply cannot be a graduate of only two or three years' business standing. He will need all the operation experience and judgment-development that he can muster!

The danger of Antony Thorncroft's summary is a decision "to throw out the baby with the bath-water." Senior management themselves must accept much of the blame for the failure of brand management. But their answer should not now be to discard the men and the system but to improve and perfect it. The next step should not be wholesale down-grading or the creation of more multi-tiered marketing departments which can often inhibit rather than *assist effective decision-taking.* The misleading fictions of brand management responsibility and contribution can then be moulded into realities, but only by a selection of personnel and definition of their function which is much more careful than in the past.

C. A. M. Penrose,
5. Bron Court, London, N.W.6.

Invoice factoring

Sir,—From time to time one reads brochures from invoice factoring companies and articles in the financial press in which the interest charge for invoice discounting, without the associated clerical services for ledger maintenance and debt collection, is quoted as between 2 per cent. and 4 per cent. above Bank Rate.

However, when one inquires deeper the actual interest quoted is in the region of 1¼ per cent. per month, that is, 15 per cent. per annum, or 9 per cent. above current Bank Rate.

Perhaps through the medium of your columns some factoring company may be able to confirm that their actual rate of interest is not more than 10 per cent. per annum, and, therefore, in line with what one reads.

P. M. Ford (Miss).
37, Hansart Way,
The Ridgeway, Enfield.

Redundant bank managers

Sir,—What a golden opportunity for 500 small firms! Nat-West have this number of redundant managers who have about 10 years active life ahead of them (August 25, page 15).

Many entrepreneurs lack knowledge and/or willingness to tackle the "business" side of their companies and provided there is no personality clash, these ex-managers could be invaluable in such matters as insurance, personnel, credit control and above all negotiating with the bank or others, for finance.

It need not be a full time arrangement, which would suit some of the older ones and might well be arranged with a local firm to avoid commuting.

It can become a very satisfactory arrangement from both sides—I know because, 10 years ago, I did just that and took on an ex-bank manager which was one of the best decisions of my life.

John Ormiston,
P. Ormiston and Sons.
Broughton Road, W.13.

Management development

Sir, — I refer to Mr. C. J. Margerison's article on management development (Executives World, August 18). While agreeing that the prime responsibility for management development lies with the live superior I would stress that the main factor inhibiting development of subordinates is rigid organisation structures.

In large companies formal specialisation of function and detailed job definition precludes increased responsibility being given to managers without the associated promotion. With traditional organisational thinking equating efficiency with specialisation and definition of duties it becomes increasingly difficult to allow subordinates to grow in their jobs. To wait for promotional opportunities to arise would sacrifice potential increase in efficiency and negate the efforts of able superiors.

As companies find growth more difficult to achieve the executive plateau is a reality and promotional opportunities rare; management development schemes geared to promotion will result in frustrated managers and consequential deterioration in performance.

Organisation structures must be developed which allow responsibility growth without promotion, and success should not be synonymous with promotion. Such organic organisations can be and are efficient (Burns and Stalker—*Management of Innovation.*)

Thus the major contribution to management development, and consequently company efficiency, will be made by abandoning formality and traditional bureaucratic methods and giving the subordinate freedom to grow to the *limit* of his capacity.

As Oscar Wilde said: "To define is to limit."

J. P. Birchall.
71 Latham Avenue,
Helsby, via Warrington.

An airport at Foulness

Sir,—I have the impression that Mr. John Connell (August 23) and Mr. Charles Marston (August 26) have never studied the map sufficiently to realise what environmental damage will be caused by an airport at Foulness. Whether this is built on the Maplin Sands or actually on Foulness, a vast new town will have to be built on the hinterland of Southend. At present the only lung of countryside easily available to Southenders is that lying south of the River Crouch between Hockley and Foulness. There is no access to the north except by ferry, and the east and south are bounded by the sea and the Thames. To the west lies the industrial Thames valley.

Nearly all of this open country, some of it of great and lonely beauty, is scheduled to be swallowed up in a wilderness of bricks and mortar of higher than average density for the Southend area, and Mr. Marston's "sizeable green belt areas" will be nothing more than a few parks and a quite inadequate area of fairly inaccessible marshland, mostly plagued by noise from the airport.

H. R. Hilton.
37, Crown Hill,
Rayleigh, Essex.

Retrospective legislation

Sir,—It is reported that the next Finance Bill is to stop a particular kind of "long lease" tax avoidance *as from to-day* (August 26). It is disturbing to find the present government, like its predecessor, announcing proposed legislation which will have retrospective effect without bothering to wait for the law itself to be passed.

According to the Inland Revenue, the potential loss of tax revenue is very substantial. But merely announcing that regardless of the law something is, from to-day, forbidden or subject to tax involves substantial loss of liberty for the subject. It is what the former Lord Chief Justice not long ago denounced as "legislation by ministerial word."

Perhaps the most worrying aspect of all is that most people are coming to accept such extra-legal prohibitions and taxes as normal, as if they conformed to the Rule of Law. In fact they are setting highly dangerous precedents. Before the last election Lord Hailsham, now Lord Chancellor, was vociferous about the need for a Bill of Rights. Perhaps one of the first priorities in such a Bill should be a complete prohibition of retrospective legislation.

Roderic Ancastle.
Parkside,
Henley-on-Thames.

Banks and direct debit

Sir,—Mr. Ashby's experience (August 25) is similar to mine. I have paid no bank charges for 25 years until this year. When I inquired why, my bank manager told me that all the banks had agreed to new charges (is this not price fixing and unlawful?) and that I would have to pay them. Like Mr. Ashby I had no prior notification and was referred to Press comment, the bank manager telling me the bank could not possibly notify all its clients of the new charges.

I wonder whether Mr. Ashby has any Banker's Orders and whether he has had my experience? Early this year I found a payment to an insurance company had been paid twice. On making enquiries I found that one payment was Direct Debit and the other under my Banker's Order. When I asked "what was a Direct Debit," I was told that all banks had agreed with insurance companies (and building societies) that instead of the bank paying the company from its clients' account as instructed on a Banker's Order, the company would have access to the clients' account so that it could help itself. In this particular case the company had decided to take its money 14 days earlier than the date of my Banker's Order and the bank had no [means] of knowing the company [had] done so until I complained [and] pointed out to my bank man[ager] that under such a schem[e it] would be very easy for an in[sur]ance company running [into] financial difficulties to debi[t] the banks' clients a few day[s or] weeks earlier than usual so [as to] get their hands on some [extra] cash, but he was not impre[ssed] saying insurance compa[nies] would not do such a thing. [I] wish I had his faith!

In another case I pay int[erest] (monthly) to a building so[ciety] by Banker's Order. Once a [year] I remit to the same society a[n] insurance premium, but th[is I] have always paid by che[que]. This year the society, under [the] Direct Debit system, remi[tted] from my account both the [in]terest and the premium. [So] the insurance premium was t[aken] out of my account without t[here] having been a previous Ban[ker's] Order and once again the[re] had no means of preventing [it].

It seems incredible to me [that] British banks should have [con]sented to operate the Di[rect] Debit system. In doing so t[hey] have abrogated their prime [re]sponsibility to safeguard t[heir] clients' money. How can an[yone] have any confidence in a b[ank] which freely allows others to [put] their fingers into a pri[vate] account?

G. H. Edmunds
Apsley Chart, East Grinstead.

Stale, tired and old

Sir,—I am not alone in th[ink]ing that the Financial Time[s is] the best financial daily in [the] world, and I find this diffi[cult] to reconcile with Joe Rog[aly's] diatribe in your issue of Au[gust] 25 on the state of this coun[try].

Are we to think that the [F.T.] and Mr. Rogaly himself [are] exempted from the charge [of] being stale, tired and old? [Or] must we assume that if we b[e given] no choice but to be driven [into] the Common Market, the fi[nan]cial journals of the Europ[ean] mainland will come in [and] make rings round the poor F.T.?

I would add that your pa[per] is delivered to me punctu[ally] and regularly early in the mo[rn]ing, winter and summer, by [my] local newsagent, and I have [no] reason to complain that the [ser]vice is stale, tired and old.

Pray continue "the ste[ady] decline in your performa[nce] which has gone on for most [of] the present century."

George Schwartz,
28, Spencer Drive,
Hampstead Garden Suburb,
N.2.

TV/Radio

KENYA RESEARCH SHIP LAUNCHED

A £60,000 fisheries research vessel for Kenya named the Halcyon was launched at the Campbeltown shipyard in Argyle yesterday. It is the first export order for the yard. The vessel is based on the company's 53-feet stern trawler standard design with modifications to suit research work on Lake Rudolph.

NEW FELIXSTOWE CONTAINER SITE

A ten-acre site at Felixstowe is to be developed for container handling by Samuel Williams Transport, a local haulier. The site, leased from Trinity College, Cambridge, is close to the port and the main approach road.

* Indicates programme in black and white.

BBC 1

*12.55 p.m. Dechrau Canu, Dechrau Canmol: Songs of Praise. 1.30 Camberwick Green. 1.45 News. 4.20 Play School. *4.40 Jackanory. 4.55 Vision On. 5.20 Yogi Bear. 5.25 The Flashing Blade. 5.44 Adventures of Parsley.
5.50 News.
*6.00 Nationwide and Your Region To-night.
6.45 The Pink Panther.
7.05 Z Cars.
7.35 "Love Me Tender," starring Elvis Presley, Richard Egan and Debra Paget.
9.00 Nine O'clock News.
9.20 The Noise Invasion: Tuesday's Documentary — an inquiry into noise and its effects.
10.10 My World... And Welcome To It.
10.35 Points of View.
10.40 24 Hours.

All Regions as BBC 1 except at the following times:—

Wales—*5.20-5.44 p.m. Telewele. *6.00-6.45 Wales To-day. *6.45-7.05 Heddiw. *10.10-10.40 Speaking For Myself: Dafydd Iwan.

Scotland—*6.00-6.45 p.m. Reporting Scotland. 10.10-10.35 World Championship: Premier Competition of the Scottish Pipe Band Association. 10.35-10.40 Joins BBC 1: Points of View. *11.15-11.40 Scottish Viewpoint. *11.40 Scottish News Headlines.

Northern Ireland—*6.00-6.45 p.m. Scene Around Six. *10.10-10.40 Portrait of a Musician. *11.17 Northern Ireland News Headlines.

England—*6.00-6.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth). *10.10-10.40 North (from Leeds) Tale of Four Cities: Bradford; North-West (from Manchester) Decisions, Decisions . . . discussion on women's changing role; North-East (from Newcastle) That's An Idea; Midlands (from Birmingham) Contact; East Anglia (from Norwich) On Camera; West (from Bristol) Their Town: Shepton Mallet; South (from Southampton) 10.10-10.35 The Enthusiasts: Barry Cunliffe; 10.35-10.40 Celia Jeffreys sings A Song for Summer; South-West (from Plymouth) Peninsula. 11.17 Regional News Headlines.

BBC 2

11.00 a.m. Play School.
7.30 p.m. News.
8.00 Summer Season: Daphne Du Maurier talks about her life and career.
8.50 Collector's World.
9.20 Spencer Tracy in "Boys' Town," also starring Mickey Rooney.
10.50 News on 2.
10.55 Late Night Line-up.

LONDON

1.45 p.m. Racing from Epsom. 3.10 Learning By Discovery. 3.40 Once Upon A Time. 3.55 Tea Break. *4.25 Peyton Place. 4.55 Lift Off. 5.20 Magpie.
5.50 News from ITN.
6.00 To-day.
6.30 Crossroads.
6.55 Never Mind The Quality, Peel The Width.
*7.25 Tuesday Film: "Top Of The World," starring Dale Robertson and Evelyn Keyes.
9.00 Armchair Theatre.
10.00 News at Ten.
10.30 The Great Hair Do.
*11.30 Play Better Golf.
12.00 In Their Own Right: Allan Hargreaves talks to Benita Kyle, a fully trained psychiatric social worker.

All ITV Regions as London except at the following times:—

ANGLIA

*4.10 p.m. Anglia Newsroom. 4.13 Yoga for Health. 4.40 Paulus. 6.00 About Anglia. 7.00 "Three Young Texans" starring Mitzi Gaynor and Jeffrey Hunter. 8.30 Never Mind the Quality, Feel the Width. 11.30 Branded. 12.00 Reflection.

ATV MIDLANDS

3.35 p.m. To-morrow's Horoscope. 3.40 Women To-day. 4.10 Room 222. 4.40 Origami. 6.00 ATV To-day. *7.00 Star Movie: "It's Only Money" starring Jerry Lewis and Zachary Scott. 8.30 Never Mind the Quality, Feel the Width.

BORDER

4.26 p.m. Border News Headlines. 4.28 Houseparty. 4.40 Origami. 6.00 Border News and Lookaround. 7.00 Feature Film: "The 'I Don't Care' Girl" starring Mitzi Gaynor, David Wayne and Oscar Levant. 8.30 Never Mind the Quality, Feel the Width. 11.30 Yoga for Health. 11.55 Border News Summary.

CHANNEL

4.00 p.m. Yak. 4.10 Puffin's Birthday Greetings. 4.20 Moment of Truth. 6.00 Channel News. 6.10 Channel Lookaround. 7.00 Star Movie: "Green For Danger." 8.30 Never Mind the Quality, Feel the Width. 11.25 Channel Gazette. 11.30 Actualités et Projections.

GRAMPIAN

3.40 p.m. Grampian News Headlines. 3.43 Once Upon a Time. 4.20 Moment of Truth. 4.50 Cartoon. 6.00 Grampian News. 6.10 Nanny and the Professor. 6.55 Tuesday Film: "The Franchise Affair" starring Michael Denison, Dulcie Gray and Ann Stephens. 8.30 Never Mind the Quality, Feel the Width. 11.20 A Kind of Living. 11.35 Evening Prayers.

GRANADA

4.10 p.m. News followed by *Peyton Place. 4.40 Yak. 6.00 Newsday followed by *Put it in Writing. 6.25 The Ghost and Mrs. Muir. 6.50 "Boys in Brown" starring Jack Warner, Richard Attenborough and Dirk Bogarde. 8.30 Never Mind the Quality, Feel the Width. 11.25 Out Front: Reggae-Jamaican pop.

HTV

2.15 p.m. Racing From Epsom. 4.09 To-morrow's Horoscope. *4.14 Moment of Truth. 4.40 Tinkertainment. 6.01 Report West. 6.18 Report Wales. 7.00 Never Mind The Quality, Feel The Width. 7.30 On The Buses. 8.00 Hawaii Five-O. 11.30 Alive and Kicking—British Poets: Adrian Mitchell this week talks to Hugh MacDiarmid.

SCOTTISH

*4.15 Plupp. 4.30 Crossroads. *6.00 Scottish News. 6.10 Hogan's Heroes. 6.40 Tuesday Feature: "Not Enough for June," starring Dirk Bogarde and Sylva Koscina. 8.30 Never Mind The Quality, Feel The Width. 11.31 Festival. 12.01 a.m. Late Call.

SOUTHERN

3.10 p.m. Yoga For Health. 3.35 To-morrow's Horoscope. 3.40 Women To-day. 4.10 Houseparty. 4.23 Pinocchio. 4.30 Crossroads. 6.00 Day by Day. 6.45 Never Mind The Quality, Feel the Width. 7.15 Tuesday Film: "The Queen of Spades," starring Anton Walbrook and Edith Evans. 11.20 Southern News Extra.

TYNE TEES

1.45 p.m. Play Better Golf. 2.15 Racing from Epsom. 3.55 Interval. 4.10 North East Newsroom. 4.15 Room 222. 4.40 Yak. 6.00 To-day at Six. 6.25 Where the Jobs Are. 6.30 The Smith Family. 6.55 Tuesday Western: "Relentless," starring Robert Young and Marguerite Chapman. 8.30 Never Mind The Quality, Feel The Width. 11.30 Late News Extra. 11.45 Epilogue.

ULSTER

*4.15 p.m. Plupp and His Friends. *4.30 Romper Room. *4.50 Ulster News Headlines. *6.00 UTV News. *6.10 Survival. 7.00 Mid-week Movie: "Billy The Kid," starring Robert Taylor. 8.30 Never Mind The Quality, Feel The Width. *11.30 Gourmet.

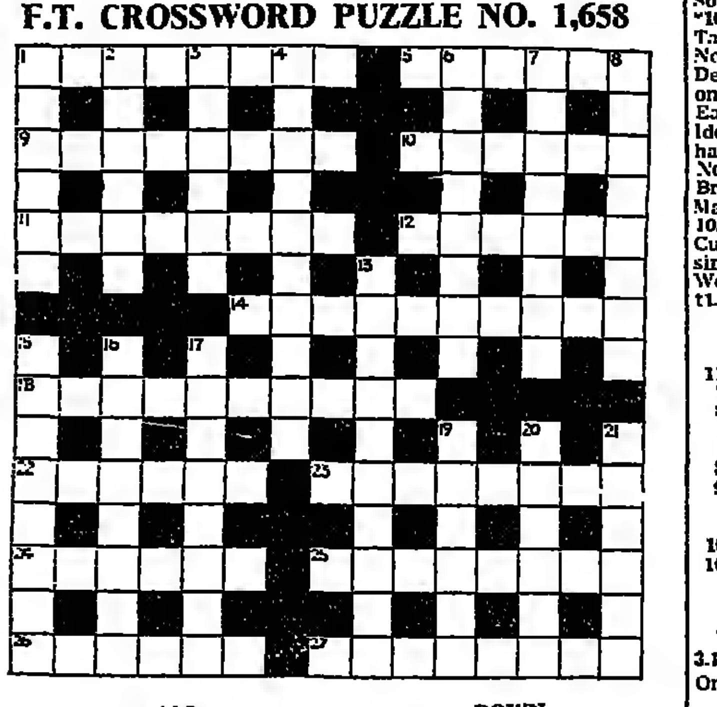
WESTWARD

3.58 p.m. Westward News Headlines. 4.00 Yak. 4.10 The Gus Honeybun Show. *4.20 Moment Of Truth. *6.00 Westward Diary. *7.00 Star Movie: "Green For Danger," starring Trevor Howard, Alistair Sim and Leo Genn. 8.30 Never Mind The Quality, Feel The Width. 11.27 Westward Late News. 11.31 Faith For Life.

YORKSHIRE

*1.45 p.m. Play Better Golf. 2.15 Racing from Epsom. 3.45 Yoga for Health. 4.10 Calendar News. *4.15 Matinee. 4.40 Yak. 6.00 Calendar News. 6.05 Out of the Shadow Into the Sun. 7.00 Tuesday Western: "A Ticket to Tomahawk" starring Dan Daily, Anne Baxter and Rory Calhoun. 8.30 Never Mind the Quality, Feel the Width. 11.20 World Snooker.

F.T. CROSSWORD PUZZLE NO. 1,658



ACROSS

1 Reduce penalty imposed on Hair (4, 4)
5 Breeding ground for those with cold feet (6)
9 A determined angler must draw (4, 4)
10 Girl becomes a beach artist (6)
11 Taking time to cover up a politician (8)
12 Drop into a warehouse (6)
14 Stump by castle gate (4, 6)
18 Prospect of first person being strung up for certain (3, 2, 5)
22 Run into editor as one flew (8)
23 Produce information at one quarter the cost (8)
24 Pest does the pair of us harm (6)
25 Jack for instance features with quite a character (4, 4)
26 Most agreeable people to meet (6)
27 Gents' outfitting making the customers use bad language (4, 4)

DOWN

1 Oppose notice being inserted at front (6)
2 Curl up in bed before the French arrive (6)
3 Enlarge and modify a detail (6)
4 Fruit we let Norma cook (5, 5)
6 Speaker brings one round to church music (8)
7 Index falling into disfavour (3, 5)
8 Quite insensitive to Hazel's getting very keen . . . (4, 4)
13 . . .when Frank's on point of ordering identical entree (4, 6)
15 Begin to question whether passion has gone (4, 4)
16 What ladies used to wear at the flower show? (8)
17 Living well in Italy on fat-head's lolly (8)
19 Holiday cove (6)
20 Valet has time to run (6)
21 Guard looking after himself (6)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

RADIO 1 247m

Time checks, up-to-the-minute traffic reports and News summaries at 5.30 a.m., 6.00, 6.30, then every hour on the half-hour until 2.30 p.m., 3.00, 3.30, 4.00, 4.30, 5.30, 6.30, 7.00, 8.00, 10.00, 11.00, 12 midnight, 1.00 a.m., 2.00. Weather at 5.32 a.m., 6.02, 6.32, 7.32, 8.32, 5.32 p.m., 6.32, 7.02, 2.02 a.m.

5.30 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Johnnie Walker. 10.00 Tony Blackburn. 12.00 Radio 1 Club. 2.00 p.m. Tony Brandon. 3.02 Terry Wogan. 5.00 What's New. 6.00 Sounds of the 70s. 7.03 to 2.02 a.m. as Radio 2.

RADIO 2 1,500m: VHF

News summaries at 5.30 a.m., 6.00, 6.30 (VHF and 247m.), 7.00, 7.30, 8.00, then every hour on the hour until 3.00 p.m., 3.30, 4.00, 4.30, 5.00, 5.30, 6.00, 6.30, 7.00, 8.00, 10.00, 11.00, 12 midnight, 1.00 a.m., 2.00. Weather at 5.32 a.m., 6.02, 6.32, 7.02, 7.32, 8.02, 9.02, 5.32 p.m., 6.32, 7.02, 2.02 a.m.

5.30 a.m. News. 5.32 Breakfast Special. 8.27 Racing Bulletin. 8.55 Pause for Thought. 9.02 Michael Aspel's Open House. 11.02 Morning Story. 11.15 Waggoners' Walk. 11.30 Sing It Again. 12.02 p.m. Sam Costa puts the Accent on Melody. 1.50 Sports Desk. 2.02 Woman's Hour. 3.02 Sport on 2: Cricket. 4.15 Waggoners' Walk. 4.31 Sports Desk. 6.30 Charlie Chester offers music, letters and stars on disc. 6.02 Album Time. 6.45 Sports Desk. 7.03 On the Latin Beat. 8.01 Sports Desk. 8.02 Along Came Vince . . . : Vince Hill and Terry Burton. 8.45 Brendan O'Dowda presents Shamrock Time. 9.15 Kenneth Alwyn introduces Lights of London. 10.02 Late Night Extra. 12.00 Midnight Newsroom. 12.05 p.m. Night Ride. 2.00 News.

RADIO 3 194m, 464m: VHF

7.00 a.m. News. 7.05 Morning Concert: Svendsen, Dvorak, Rimsky-Korsakov, J. C. F. Bach, Boccherini, Haydn, gramophone records. 9.00 News. 9.05 This Week's Composer: Tchaikovsky on gramophone records. 9.45 American Music of the Outdoors: Copland, MacDowell, Roy Harris, William Schuman, gramophone records. 11.00 Edinburgh International Festival: recital, part 1: Bellini, Donizetti, Verdi, Rossini, Schubert, Rachmaninov. 11.40 Interval: Many Hands . . . talk. 11.55 Festival recital part 2. 12.40 p.m. Music by Dvorak on gramophone record. 1.00 News. 1.05 Orchestral Concert: Britten, Oedoen Partos, Mozart. 2.20 Fine Arts Quartet: Haydn, Gunther Schuller, Beethoven. 3.40 Showcase: Benjamin, Walton, Bliss. 4.20 Pied Piper: Tales and Music for Younger Listeners. 4.40 Music In Our Time: Boulez, Maxwell Davies. 5.55 Sing We At Pleasure. 6.25 Programme News: Stock Market Report. 6.30-7.30 Study on 3: 6.30 Incontri in Italia: part 11. 7.00 A Language in Your Briefcase: West Germany (1) and Austria. 7.30 The Proms: part 1: Stravinsky, Schoenberg. 8.15 Jung After Ten Years: talk. 8.35 The Prom: part 2: Bartok. 9.45 Radicalism and the Social Sciences: talk. 10.10 Piano Recital: Beethoven, Grieg, Chopin. 10.55 Masters of the Renaissance: Cipriano de Rore, Tallis, Palestrina, Victoria Lassus, Handl, Byrd, Morales. 11.30 News Summary.

RADIO 4 330m; VHF

6.45 a.m. Prayer for the Day. 6.50 Regional news, weather and preview. 7.00 To-Day: magazine The News. 7.40 To-day's Papers. 7.45 Thought for the Day. 7.50 Regional news, weather and preview. 8.00 News and more of To-day. 8.40 To-day's Papers. 8.45 Anne of Green Gables. 9.00 News. 9.05 From Our Own Correspondent. 9.35 With Great Pleasure: Yehudi Menuhin—selection of readings from books and poems. 10.15 Daily Service. 10.30 All Kinds of Music: British Light Music. 11.30 The All Electric Holiday Show. 12.00 You and Yours. 12.25 p.m. Brothers in Law. 12.55 Weather, preview and news. 1.00 The World at One. 1.30 The Archers. 1.45 Listen With Mother. 2.00 Steve Race's Invitation to Music. 3.00 C. P. Snow's Strangers and Brothers: part 24. 3.30 Stand by for West: part 1. 4.00 Pick of the Bunch. 4.30 Story Time. 5.00 P.M.: News magazine. 5.50 Regional news. 6.00 Six O'Clock News. 6.15 Mike Yarwood invites you to hear Yarwood Weekly. 6.45 The Archers. 7.00 News Desk. 7.30 The Entertainers: Morecambe and Wise—Two of a Kind. 8.15 New Lifelines in Medicine: part 6, The Faces of a Surgeon. 9.15 The Road to Europe: The Common Market, programme 5. 9.59 Weather. 10.00 The World To-night. 10.45 Watching the Chinese: part 2. 11.00 A Book at Bedtime. 11.15 Late News. 11.31 ...al Trends.

Racing

Hints for Epsom

by DARE WIGAN

ALTHOUGH the programme at Epsom to-day is not of a particularly high standard, most of the events are open affairs, there is the prospect of a spirited contest for the Archie Scott Memorial Challenge Trophy Handicap (3.05).

This commemorates one of the most charming personalities to have raced the Turf in living memory, and one to whom his fellow-bookmakers owe an immense debt of gratitude.

The race is likely to be fought out by *Legionnaire, Sofonisba,* trained locally by Brian Swift and Staff Ingham, and *Inventory,* who is stabled with Gordon Smyth at Lewes.

Of the three my preference is for *Sofonisba,* who scored easily over 1¼ miles at Brighton last Wednesday, and whose 5 lbs penalty incurred as a result of that success is nullified by Ingham's good apprentice, W. Wilkinson, claiming the equivalent allowance.

On the day that *Sofonisba* won at Brighton, *Muradadi* landed a hefty gamble in a maiden race for two-year-old fillies over seven furlongs on the Sussex course.

It was not surprising that *Muradadi* should have been backed down from four to one to half those odds, for on her previous appearance, at the Newmarket July meeting, she had finished strongly when fifth of 23 behind *Cider Honey.*

She will go well again here, and I may be wrong in preferring *Metacentre,* a filly by *St. Paddy,* who shaped well behind *Freeman, Disguise* and *My Hero* in the Balaton Lodge Stakes at Newmarket early this month.

Particularly as Piggott, who presumably had the opportunity to ride *Metacentre,* has opted to partner *Penalty* for "Scobie" Breasley's Epsom stable.

However, the good runs by *Disguise* and *My Hero* in the Wills Goblets at Newcastle yesterday points strongly towards *Metacentre.*

Maid Forlorn, judged on form shown earlier in the season, is reasonably weighted with 7 stone 12 lbs in the Heathcote Nursery Handicap (3.40). *Enraptured,* who lost by only a short head to *Exclaim* at Lingfield the other day, will go well in the Fetcham Handicap (4.15). And *Voie Unique* looks best in the Redhill Stakes (4.45).

There is no race of great consequence at the second stage of the Ripon meeting, where *Scoria,* a close second to *Cossall* in the Goodwood Stakes, ought surely to gain some recompense by winning the Wakeman Stayers Handicap (3.30).

Gay Colour, a colt by *Derring-Do,* whom I noted running with promise behind *Martinmas, Amplifier* and *Scottish Rifle* at Newbury in June, may be too good for Saturday's Pontefract winner, *Good Value,* in the Wensley Plate (4.0).

At Chepstow, *Dancing Rib* looks best in the Castle Plate (2.15). *Barlasch,* who won a handicap at Ayr last month by six lengths, is capable of defeating older horses in the Caerwent Handicap (2.45) and L. Hall's improving *Sarnia Sea,* may complete a hat trick by taking the St. Pierre Nursery Handicap (4.15).

EPSOM

2.00—Charter Hill
2.30—Metacentre
3.05—Sofonisba**
3.40—Maid Forlorn
4.15—Enraptured
4.45—Voie Unique

RIPON

3.30—Scoria***
4.00—Gay Colour*
4.30—Spring Dew

CHEPSTOW

2.15—Dancing Rib
2.45—Barlasch
4.15—Sarnia Sea

FIRST-DAY STAMP SERVICE

First-day envelopes, and four pictorial handstamps, are being provided by the Post Office for the British Architecture set of stamps to be issued on September 22. The stamps depict modern university buildings of the University College of Wales, Aberystwyth (3p), and the universities of Southampton (5p), Leicester (7½p) and Essex (9p).

Knitting ITB policy to be more flexible

THE Knitting, Lace and Net [In]dustry Training Board will re[vise] the grants it makes to compa[nies] in the industry and will adop[t a] more flexible system of pro[mot]ing training.

The Board, in its annual re[port] now published, said this [can] be done without loss of effec[tive]ness.

A spokesman explained [that] block grants would no longe[r be] made. Instead, individual sche[mes] would be assessed and the B[oard] would pay a grant based on [the] particular need of the com[pany] concerned.

At the same time, the B[oard] was reducing its training lev[y on] the industry from 1 per cent [of] payroll to 0.75 per cent.

The report states that [the] Board "will increasingly con[cen]trate on sponsoring prac[tical] training developments which [can] be fed back to the industry, [with] resultant improvements in [effi]ciency."

HIGHLANDS ON FILM

A new 30-minute colour d[ocu]mentary on the Highlands, [pro]duced by Films of Scotland [for] the Highlands and Islands [De]velopment Board and the Bri[tish] Aluminium Company will sho[rtly] be shown in Edinburgh, [and] later in London.

It highlights the Highlands [as] a tourist attraction and also t[he] industrial potential, as illustr[ated] by the £37m. smelter at In[ver]gordon, the £12m. pump sto[rage] Foyers hydro-electric sche[me,] Dounreay power station, and [the] Lochaber pulp mill. The B[oard] intends to follow up next [year] with a similar production on [the] islands.

Gloucester Cathedral

Three Choirs Festival

by GILLIAN WIDDICOMBE

Usually there are two good reasons for taking an interest in the Three Choirs Festival. Either an eye or a throat for choral singing; or a home in the vicinity of Gloucester, Worcester, or Hereford, whose Cathedrals take turns at playing host to a week of daily concerts of increasing versatility during the last week of August.

The increasing versatility I take on hearsay from old-timers, who report that programmes are now less rigidly cornered by Messiah, Elijah and Gerontius. They say, too, that this year's festival has benefited especially from the younger generation of cathedral organists—particularly John Sanders as host at Gloucester—who have evidently brought fresh vigour to the traditional proceedings.

This year, however, there is a third reason. The Gloucester organ, for years one of the most famous fat, Romantic English cathedral organs, has been built-nished, as organ rebuilds always ...e, in the nick of time for the opening service a week ago last Sunday. Controversy curtains the rebuild, so while senior colleagues fill their Three Choir columns with memoirs of Elgar conducting, I ask indulgence for my own special interest in this organ, having been a student ...re ten years ago.

The organ was obviously due ...r a major rebuild—it even seemed to think so itself—ironic...y giving up the ghost on Easter Day three years ago. Just as the cathedral has been changed by taste over the centuries (Gloucester's bones are Norman but the flesh is predominantly Perpendicular), so the organ has been rebuilt every 50 years in the current style. Willis ...the 1840s, and again in the ...0s; Harrison in the 1920s; these were its dominant parents, and loud were the cries to maintain—by repair rather than by design—the Gloucester organ as an historic souvenir of the Romantic period.

But Gloucester also claims earlier parents: the organ is housed in one of the few cases unspoilt and virtually unmoved since the Restoration. The main case was built by Thomas Harris in 1666; the small "Chaire" case, on the east front, is 16th century. It is the 17th century which the rebuild reverts, with Ralph Downes as adviser, and Hill, Norman and Beard as builders. Visually the gain is considerable, for there is now almost no overflow material and the painting on the pipes has been exquisitely restored to partner the casework. (The view, especially from the Choir, is truly beautiful; perhaps the Cathedral can now find a penny or two for better lighting.) More important, the contents now express the style of the case. The organ is smaller, having lost all extravagances added by the Romantic era—tubas, and 32-ft. stops, etc. Baroque principles are dominant. The principal choruses have been gleamed up and based on surviving Harris pipework; complemented with mixtures and mutations where once were orchestral imitations. Most obvious is the change in the reeds, which are now brightly voiced with plenty of bite. Generally, one could say that though the volume of tone is now smaller, it is more effectively arranged and balanced.

At the beginning of the week the organ was explored by Simon Preston in a Handel concerto and a new piece with orchestra by Peter Dickinson. Those unfortunately, I missed, but had a private glimpse and also heard a Rheinberger sonata at the end of Friday's Evensong. Proper judgment must in any case be reserved until the opening recital, on October 6, when the musical range (early French, Bach and Messiaen—almost impossible on the Willis/Harrison) will be fully covered by Gillian Weir.

Back with tradition, the highlight at the end of the festival was the *Dream of Gerontius*, conducted by John Sanders, with Gerald English, *Alfreda* Hodgson and Benjamin Luxon. It was Mr. Sanders' first *Gerontius*; on the steady rather than the solemn or sensational sides. Mr. English's Gerontius *is* superbly articulate, with an intelligent kind of intensity that I find most moving. On Thursday night Christopher Robinson conducted an attractive performance of Rakhmaninov's *Bells* with soloists led by Margaret Price and the large choir at its most colourful.

Orchestral concerts are inevitably less comfortable in a cathedral ambiance, or so I felt on Friday afternoon when the BBC Training Orchestra accompanied Iona Brown in the Mendelssohn Violin Concerto, and Meredith Davies took them smoothly through the Vaughan Williams Fifth. Wherever one sits in any cathedral the impression is that an orchestra would be more clearly heard from elsewhere.

...etter from California

Candide re-born

by GEORGE OPPENHEIMER

...nce upon a time, not so long ..., the motion picture denizens ... Hollywood regarded the ...timate theatre with a mixture ... distrust and disdain. It was ... right to go to New York and ...ke in the shows" on an ...sional holiday, but when ...s came to Hollywood, they ...e largely ignored except by a ...dful of playgoers who had not ...lved the habit. Now all this ... changed together with the ...sical and social aspects of the ...n, whose middle-aged spread ... increased while its film busi...s has decreased.

... worked for some 19 years in ... platinum mines of Hollywood ... have only now, after 14 ...s, returned. It has grown ...er (and uglier) with the ...s except for a theatre centre ... compares more than favour... with New York's Lincoln ...ter. And, amazingly enough, ... prospering and producing ...hwhile plays at a time when ... not an uncommon sight to ... studios practically empty and ... economics of the industry in ... precarious state. Television ... of course, helped, but not ...gh to save an ailing ...ness. Not that the theatre ... a much better situation, ... at least in Los Angeles it ...r more active than it has ... hitherto.

...art from the Center itself, ...andsome a complex as I have ..., there are small, experi...tal theatres all about. Un...nately for me, most of them ... doing plays from New York ... resident playhouses that I had ...dy seen. At the Center ...f *The Trial of the Catonsville* ... by Daniel Berrigan, SJ, ... being produced with great ...ess, but not, to me, as much ... as in the New York produc...

This may have been partly ...ose of the absence of Ed ...ders in the central role of ...el Berrigan who, with his ...ter and a group of friends, ...re to draft records in Catons... as a protest against the ...nam War.

... the University of California ...os Angeles, there was a re...l of *The Gang's All Here*, the ...raphical drama of President ...ren G. Harding by Jerome ...rence and Robert E. Lee. Mr. ... was responsible for the direc... and did a good job consider... the fact that he was ...pered by some amateurism ...ng the undergraduates who ...ormed. A handful of profes...als, notably Howard Duff, the ...on picture and television ..., in the part of Harding, ...ed mend matters and the ... itself stood up well. Par...arly effective was a staging ...e whereby the audience ...red the theatre as a presi...ial convention was going on ...e aisles, on stage and all ... the theatre, with every bit ...e razzle-dazzle of such an ...t. As a result, before you ... even seated, you were swept ... the politics and the milieu of ...ime.

...e most rewarding production ... I saw was in San Francisco, where theatre has always been more of an accepted pleasure. A musical *Candide* was being groomed for the Kennedy Center in Washington, D.C., and eventually for Broadway. Back in 1956 this musical version of the Voltaire classic had been seen with a book by Lillian Hellman, music by Leonard Bernstein and lyrics by Richard Wilbur (with additional rhymes by John Latouche and Dorothy Parker). It was not a success, but its lovely score has survived.

Now Sheldon Patinkin has re-written and redirected and Edwin Lester, producer of the Civic Light Opera Company of California, has given it a lavish and tasteful presentation with magnificent sets by Oliver Smith, colourful costumes by Freddy Wittop and graceful choreography by Michael Smuin of the American Ballet Company. In addition, there is a cast far superior to the original.

Mary Costa plays the role of Cunegonde, Candide's errant love, and alternates on matinees with Barbara Meister whom I saw. The latter has an enchanting coloratura voice, is lovely to look at and acts extremely well. Excellent too was Douglas Campbell as the two philosophers, Pangloss ("the best of all possible worlds"), Martin ("the worst of all possible worlds") and as the Narrator. However, he will not be in later productions since he is returning to England. Outstanding in the title role is Frank Porretta. He plays the young and gullible innocent with charm and good looks and with a singing voice that has seldom been equalled in the musical theatre.

Candide is the nearest to operetta that we have had in quite some time and, in the present version, it has some of the faults of that medium. However, a great deal of work is being done before its arrival in Washington, especially on an overlong second act. Even as it is, *Candide* seemed to me an exquisite thing to see and as tuneful as ever to hear. Mr. Bernstein has written some new numbers for this version which, I hope and believe, will, on its second time round, become a deserved success.

Brompton Oratory appointment

Mr. John Hoban has been appointed musical director of Brompton Oratory. He will take up the post in October upon the retirement of Mr. Henry Washington.

Henry Washington has been musical director of Brompton Oratory for 36 years and is also director of the Schola Polyphonica.

Since 1954 John Hoban has been choirmaster of the Church of Our Most Holy Redeemer and St. Thomas More, Chelsea. He is also director of the concert and broadcasting choir Scuola di Chiesa.

The Maltings

The Turn of the Screw

by GILLIAN WIDDICOMBE

It was Colin Graham's enchanting production of *Midsummer Night's Dream* which convinced us that The Maltings was a marvellous home for opera: that bare brick walls and visible lights could successfully replace the mysterious deceptions enabled by the proscenium arch. *Lucretia* confirmed the conviction; *Gloriana* adapted easily. Later *King Arthur*, with almost no scenery, was delightful. Only *Idomeneo* misfired, with realistic problems like the storm and dragon whose designs were gauche, and general difficulty about getting on and off the stage.

Having proved itself with the most suitable operas, The Maltings now approaches Britten's other operas since the English Opera Group's repertory must continue to expand, or at least rotate. The EOG production of *Turn of the Screw* consisted mainly of dropcloths by John Piper, and could not therefore be transferred to The Maltings' open stage. In any case it was very old—the original staging, by Basil Coleman, in 1954. By the time I saw it at Sadler's Wells, it was directed by Colin Graham, and seemed one of those classic productions that only dates when the internal direction becomes tired (which it had not) because the designs were so sensibly tailored to the 19th century setting; shabbiness could not show.

Zoë Dominic

Elizabeth Gale and Corin Manley

The new production has been designed by Yolanda Sonnabend. One can appreciate her difficulties. The *Screw* needs realistic props: a piano for Miles to play, and a bed, a candle and so forth. It also needs specific scenery: a church with bells to ring, a lake for Miss Jessel to appear from, a tower and windows for Quint to appear at; and these must be changed quickly because the opera consists of 16 small scenes interset with orchestra interludes. Indeed, one might argue that the opera's theatrical style is as much conceived upon the technique of changing dropcloths as its musical style is based on variations which increasingly tightens their theme. Since dropcloths are out of the question at The Maltings, and the use of revolving screens has been *successful there before*, Miss Sonnabend's features three revolving metal structures which re-shuffled to suggest the façade of the house, the door, the window, the tower.

These plain struts are hung with several small screens, on which light is projected, in abstract patterns. The projections are intended to express Miss Jessel's emotional distortion of the setting; but I found them messy, too small, uncommunicative; and thought the most straightforwardly lit scene, The Lake, the most successful. Moreover, I found the stage geography distracting in its lack of clarity, and the mixture of styles unattractive—the staircase is realistic and clashes with the visual rhythms of the other large structures; the brick walls are disguised by a patchwork ranging from realistic trees to large expanses of silver paper. In short, the easy directness of the old production is not matched by the brave but muddled appearance of this new solution. Better, one feels, to take The Maltings' virtue of simplicity as cue and replace the muddle by large-scale scenic projections.

Otherwise Colin Graham's direction is faultless in its straightforward simplicity. He emphasises the evil nature of the children particularly strongly. *Miles* is the wide-eyed blond choirboy, hands clasped; his precocious wickedness is betrayed by a caricature of smug smiles, sudden glances, priggish nose. Corin Manley sings him sweetly; also clearly, though he tired before the end of Saturday's performance. Elizabeth Gale's Flora is a most accomplished characterisation, excellently sung; and the interplay between the two children is nicely suggestive.

Singing the Governess, Catherine Wilson takes over the role that has always been personally identified with Jennifer Vyvyan. It is a very different interpretation, for Miss Wilson has a kind of youthful warmth that is most touching and appropriate; she sings the role easily and dramatically though sometimes her diction is poor. Peter Pears returns to his arch Quint and avuncular prologue; Rae Woodland draws Miss Jessel as a passionately woeful pawn. And there is Sylvia Fisher to make the most of Mrs. Grose's outburst "Dear God, is there no end to his dreadful ways?" At that point the tragedy first reveals that its hold is inexorable, its twist a vice.

In terms of vocal projection and orchestral balance, The Maltings makes a marvellous home for this supremely clear and concise score. No theatre could match the clarity and gloom which the Snape acoustics give to the 13 instruments. On Saturday Benjamin Britten conducted urgently, and the English Chamber Orchestra responded superbly. Three performances will be given at Sadler's Wells Theatre from September 18.

SPORT: YACHTING... TENNIS... CRICKET

This pre-Olympic regatta is quite a trial

BY ALEC BEILBY

KIEL, August 30.

THERE IS no doubt that the Germans are great planners, and equally little doubt that next year's Olympic regatta at Kiel is going to be a great sporting event and a showpiece for German organisation and industry. But unfortunately someone forgot to tell them that the pre-Olympic regatta, being sailed this week exactly a year before the Games, is, in many ways, as important as the Games themselves.

The regatta at Kiel this week, in which 760 competitors from 35 nations have the opportunity of sampling the Olympic courses in Kiel Bay is, in fact, the most important event that has been held in Europe for the Olympic classes of yachts and dinghies since the Olympic regatta at Naples in 1960.

Earlier this summer the organisers at Kiel had a foretaste of some of the problems and situations they would have to face in an Olympic regatta. Lessons were obviously learned and in the three races already sailed here this week most competitors feel that the courses have been well made and the racing administration, apart from a few obvious lapses, fair. But this is far from the case ashore.

Winds have been fresh from the South-West and, consequently, the sailing hard. The courses are a minimum of six miles from the regatta centre and sailing out and back from racing can be as exhausting as the racing itself. This would be no real problem for the competitors if the present facilities ashore, in the shadow of the vast complex of unfinished offices, flats, changing rooms, and boat parks, were not reminiscent of a refugee camp hurriedly thrown together after a major earthquake.

The lack of changing rooms, showers and toilet facilities for more than 1,000 people brings back memories of an Army cadet camp that encouraged me to join the Navy. Add to this scene heavy equipment involved in building the Olympic site next door, clouds of sand blowing from the building site into the yacht harbour and dinghy park, and crowds of sightseers, and the picture is complete. Admittedly, the temporary facilities for Press, radio and TV reporting are as good as anywhere, but the competitors have suffered at the expense of these, and many, remembering the pre-Olympic regattas in Japan and Mexico resent the fact.

The British contestants, 40 of them spread through the six Olympic classes, are not producing the result one might have expected, having seen most of them perform in the various national and international events earlier this year. Vernon Stratton, team manager, is definitely not happy with the performance of some of his brighter stars who have simply failed to shine.

Current world champion Rodney Pattisson, who, with his crew Julian Brooke-Houghton, held second place overall in the Flying Dutchman class at the end of yesterday's racing, has dropped to third after a comparative bad race to-day when in fresh wind conditions he finished 21st. His former Flying Dutchman crew, Iain Macdonald Smith is now in second overall position in the single-handed Finn class, and with four races still to be sailed, either of these two could add the equivalent of a pre-Olympic gold medal to the one they won in Mexico three years ago.

Apart from these two, none of those in the other 17 British yachts are looking like prize-winners as the regatta goes into the second half, but if some of the weight goes out of the wind for the last four races the position could improve.

On the international front, the regatta has already acquired some of the political sniping that yachting has managed for so long to avoid adopting from other sports. The South African team has been prevented from racing by the International Olympic Committee, although, so far, they have been allowed to compete in all other international yachting events administered by the International Yacht Racing Union, the world authority for the sport.

The East German national flag disappeared from its allotted flagstaff during last night and the team refused to race to-day until another was hoisted in its place. Meanwhile, the Russians, who are always popular at international yachting events, lost their flag but their attitude to the trouble was much more philosophical than their East German friends.

Most cherished junior titles at stake this week

BY JOHN BARRETT

THE BRITISH Junior season reaches its natural climax this week as the under-18s dispute the most cherished of the junior titles in the Green Shield Junior Championships of Great Britain, played on the hard courts of the All England Club at Wimbledon.

Inevitably junior standards fluctuate so that some years appear to be laden with talent while others seem barren. We are in a rich period among the boys, and there is added piquancy this year now that Stephen Warboys, the infant prodigy of British tennis, has seen fit to challenge at his last opportunity for a title he has attempted only once before, in 1967, when he was 13.

He is properly cast in the role of favourite, which befits his Davis Cup squad status and, if the seeding committee's forecast works out, will meet in the final Christopher "Buster" Mottram a 16-year-old of precocious ability who recently carried off the national under-21 title in Manchester in the absence of Warboys. Their only meeting this year was in the recent Exmouth Grass court tournament, where Warboys scored a clearcut win. It would be interesting to see if the same superiority was apparent on hard courts.

However, standing in Mottram's path to the final is the Essex 17-year-old John Lloyd, the third seed, who defeated him with great flair in the semi-finals of the national under-18 championships at Eastbourne. Lloyd, like Warboys, was absent from Manchester and has run into fine form at the right time. He won the Dutch junior championships in July, was runner-up to Warboys at Eastbourne and last week, with Veronica Burton, carried Britain to victory at the first attempt in the six-nation Tournoi de L'Esperance, played in Ostend.

This last event, begun by Le Soir, of Brussels, in 1962, is the unofficial team championship of Europe. It is a round-robin event, and the only one of its kind where each nation is represented by one boy and one girl aged 20 or younger, who have each come through a testing qualifying competition in their own countries. Each year there are approximately 13,000 competitors altogether, which indicates how enthusiastically the nations have responded to the challenge.

Lloyd and Miss Burton had won the qualifying event organised by the BP International Tennis Fellowship, and in Ostend they won nine out of their ten rubbers. The only loss was Lloyd's three-set defeat by the tall 19-year-old German Helmut Kirchubel, who won the individual event by a slender four-game margin from Lloyd after tieing on four victories each.

Miss Burton's five two-set wins won her the Gold individual title, and it was interesting to see how she relentlessly pursued her accurate and penetrating baseline game against more flexible but less consistent opponents. Miss Burton retains the same wonderful timing she displayed remarkably in 1965, when she reached the final of Junior Wimbledon at the age of 13. There is now, of course, a greater shrewdness born of extensive tournament experience and a greater physical strength, but one notices most what is missing. Her speed and agility are lamentable, she volleys shakily and with reluctance, and her smash is practically non-existent, and yet within her class she wins. It would be a tragic waste of talent if she failed to eradicate these weaknesses.

This week at Wimbledon there is a young girl whose ability at an early age parallels Miss Burton's. Linda Mottram, the sister of Christopher, is only 14 and yet is seeded seven. If she reaches her quarter-final place she will surely pose one or two awkward problems for the second favourite, Nuala Dwyer, of Devon, who won this event last year at 15.

With the exciting under-21 champion Glynis Coles, still eligible next year, and the 15-year-old Devonian, Susan Barker, making great strides of late, there is ample evidence that the girls' standard too, is enjoying a time of prosperity.

It helps to have a sound financial base

BY TREVOR BAILEY

LANCASHIRE, the holders of both the limited-over competitions, are for the second successive year attempting to win all three titles. Although it is unlikely that they will be successful in this triple quest, it is still a remarkable performance when the obvious deficiencies of the side are taken into consideration. In my opinion, Lancashire are a good team, but not, like the Surrey of the 'fifties with four world class bowlers in their ranks, a really great one.

The Lancashire renaissance began several years ago, when their committee, or at least the more imaginative members of it, were prepared to admit that first class cricket could not live on the proceeds from subscriptions and gates alone. It might exist, but it could never hope, with the possible exception of Yorkshire, to flourish.

Of course, they did possess one great advantage. They owned Old Trafford. The big problem was how to exploit this asset to produce revenue that did not depend solely on the small, and decreasing, followers of the first class game. It was here that the Lancashire Committee showed the foresight which is unfortunately so frequently missing from the administrative bodies that control sport in this country.

Their first move was to lease a small part of the ground to a development company and then later they sold the lease for £170,000. Instead of sitting back and temporarily living on the capital, they proceeded, to their eternal credit, to put it to work.

They spent some £30,000 on an indoor sports centre and here one can see a pleasing balance between mere financial profit and the importance of encouraging the game itself. The squash courts and the two bars are primarily profit-producing, while the indoor cricket school was built mainly to promote cricket throughout the county.

Because of the uncertainty of the weather, the awkward hours, and staff problems, cricket catering must rank as one of the most hazardous of occupations. The Lancashire committee appreciated the snags, but still decided to put up another £25,000 so that they would share 50 per cent. of all the catering profits. Both the club and the caterers themselves appreciated the normal hazards of the operation and correctly decided that substantial profits would only materialise if Old Trafford was used for extra *curriculo* activities throughout the entire year.

As a result of their combined efforts, Old Trafford has become something of a social centre and not merely a cricket ground. There are two ballrooms and two suites which are let out on average between three and four times per week in the nine months of the year when there is no revenue from cricket. In addition to the welcome income from the actual hire of these excellent facilities, the club also takes 50 per cent. of the profits from the bars and the catering.

Because it is within easy reach of Manchester and possesses excellent car parking facilities, Old Trafford has understandably become a popular centre for dinners, dances, social functions, and wedding receptions. One of the happiest in the last category will be held there next month, when that great cricketing entertainer Clive Lloyd is married.

Local business firms have quickly begun to appreciate what Old Trafford has to offer. In addition to conferences it is frequently used for exhibitions, where once again the large car park is a vital factor.

The public restaurant (on the ground) is a comparatively new feature which is proving another excellent investment and as a result of all these enterprises Lancashire is one of the comparatively few counties which can look forward to the future, both playing and financial, with genuine confidence.

Who are the men mainly responsible for this remarkable transformation in the affairs of Lancashire both on and off the field? The main credit I feel belongs to their chairman, Cedric Rhoades, a man of vision and drive and to the way in which the staff has responded under the direction of the highly competent secretary, Jack Wood. However, I do not think that this pair could have been nearly so successful without the enthusiastic support of Tommy Burrows, a former chairman for many years, and the assistance of the very shrewd honorary treasurer, Ronnie Davies.

Not surprisingly, the manner in which the Lancashire executive has tackled the many problems confronting it has permeated through to the players. Once they were a collection of talented cricketers, who seldom played to their potential, but they have become a real side with the priceless asset of being able to fight back.

When Jackie Bond took over the captaincy he realised the weaknesses in his team and decided to concentrate on two things. First, he stressed the importance of fielding and made it plain that he would not consider anyone who was not prepared to try and improve in this vital and sometimes neglected department. This was in turn to have a considerable effect on his second objective, which was a systematic approach to limited over cricket, with special emphasis on a fast start, tight field placing, and accurate bowling.

In both these aims, Jackie Bond received the utmost support from his committee, something which could not always be said to have applied to some Lancashire captains in the past. Lancashire may lose to Kent in the Gillette Final and they may not be able to retain the Sunday League title, but nobody can deny that Jackie Bond and his team are at the moment the finest exponents of instant cricket in the land. All credit to their players. But would they ever have reached this position without the efforts of the men behind the scenes? Personally I do not think they would.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Intl. Haodicrafts & Do-It-Yonrself Ex. (cl. Sept. 11)	Olympia
To-day	Intl. Audio-Visual Aids Conf. & Ex. (cl. Sept. 3)	Olympia
Sept. 2—24	Brassfoundry Exhibition	Building Centre, W.C.1
Sept. 5—9	Wesl of Eogland Gift Fair	Victoria Rooms, Bristol
Sept. 7—10	Northern Floor Coverings Fair	Exhibition Hall, Harrogete
Sept. 7—10	Italian Exhibltion of Convenience Foods	25, Old Burlington St., W.
Sept. 9—10	Electromation Exhibition	Royal Victoria Htl., Sheffield
Sept. 9—16	Northern Antiqne Dealers' Fair	Royal Baths, Harrogate
Sept. 9—18	Inlernational Laundry & Dry Cleaning Exhibition	Olympia
Sept. 13—16	Industrial Development Exhibition	Birmingham University
Sept. 13—17	Financing for Intnl. Trade and Export Servlces	Olympia
Sept. 13—17	International Watcb and Jewellery Trade Fair	Earls Court
Sept. 13—17	Electro-Mechanical Components Exhibition	U.S. Trade Center, W.
Sept. 14—18	Surrey Ideal Home Exhibition	Civic Hall, Guildford
Sepl. 15—25	Autumn Antiques Fair	Chelsea Town Hall
Sept. 17—19	Northern International Hi-Fidelity Festival	Mejestic Hotel, Harrogate
Sept. 18—25	Brighton Interoational Trade Fair	Hotel Metropole, Brighton
Sept. 21—23	Fire Fighting and Prevention Exhibition	Exbn. Centre, Harrogate
Sept. 22—24	Ilalian Exhibition of Men's Wear and Accessories	Italian Trade Centre, W.
Sept. 27—29	Interoational Antiquarian Book Fair	Europa Hotel, W.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Ioternational Trade Fair (cl. Sept. 4)	Wellington
Current	International Trade Fair (cl. Sept. 11)	Reykjavic, Iceland
Current	Radio, Television end Record Exbn. (cl. Sept. 5)	Berlin
Current	Internetional Trade Fair (cl. Sept. 12)	Algiers
Current	Fashion Week (cl. Sept. 5)	Barlin
Sept. 2—6	Interoational Fair	Milan
Sept. 3—11	International Motor Sbow	Sydney
Sept. 4—11	Irisb International Food and Drink Fair	Dublin
Sept. 5—7	Internetional Household Goods & Hardware Fair	Cologne
Sept. 5—12	Internetional Autumn Trade Fair	Vienna
Sept. 5—12	Gifts and Objets d'Art Exbibition	Brussels
Sept. 5—12	Autumo Fair	Leipzig
Sept. 5—13	Jewellery Gold and Silverware Exhibition	Paris
Sept. 8—22	Building Material aod Prod. Equip. Exhibition	Moscow
Sept. 9—19	International Autumn Fair	Zegreb, Yugoslavia
Sept. 10—13	Fasblon Trade Fair	Turin
Sept. 10—15	International Leether Exhibition	Peris
Sept. 11—20	International Trade Fair	Broo, Czechoslovakia
Sept. 11—26	Commercial Fair	Liege
Sept. 12—18	Scandinavian Fashion Week	Copenhagen
Sept. 12—19	Italian Furniture Fair	Milan
Sept. 13—18	International Brewery Machinery Exhibition	Municb
Sept. 14—18	Municipal Equipment Exhibition	Brussels
Sept. 14—18	International Tecbnical Feir	Helsinki
Sept. 15—17	Canadian Computer Sbow	Toronto
Sept. 17—20	Food Industry Trade Fair	Brussels
Sept. 23—Oct. 2 .	International Office Equlpment Exhibition	Paris
Sept. 25—Oct. 1 .	Interoational Fine Food & Provisions Exhibition	Cologne
Sept. 27—Oct. 1 .	Irish Peckaging Exhibition	Dublin

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Sept. 1—24	HMP Scbool Mgmt. Services: Work Study	Beeston, Nottingham
Sept. 2	Training for Bus: Computer Originated Microfilm	Bloomsbury Centre Htl., W.C.1
Sept. 5—8	BIM and Dexion: Distribution Management	King's College, Cambridge
Sept. 5—10	Peat Marwick Mitchell: Production Management	Elvetham Hall, Hart. Witney
Sept. 6—7	Fln. Tecbniques: Company Taxation	Connaugbt Rooms, W.C.2
Sept. 6—8	IPM: Staff Appraisal and Management Development	Berners Hotel, W.
Sept. 9—10	Mngt. Training Consultants: Supervisors in Action	Windsor Htl., W.
Sept. 13—15	Ind. Assess. and Researcb: Differential Test Battery	57, Marylebone High St., W.
Sept. 13—16	Cooper Broa: Acconntancy for Managers	Sbelly House, E.C.
Sept. 14	Jameo Morrell: Corporate Plans and Budgets	Hilton Hotel, W.
Sept. 15	Ind. Soc.: Involving Young Employees	Wbite's Hotel, W.
Sept. 15—16	Mktg. Improvements: The Marketing Functioo	Portman Htl., W.
Sept. 16	Financial Times: Britain as a Business Partner	Hamburg
Sept. 16—18	Chartered Institute of Secretaries: World Trade	Birmingham University
Sept. 19—24	D. Frost & Assoco.: Financial, Manufacturing & Marketing by tbe Case Discussion Metbod	Wadham College, Oxford
Sepl. 20—21	Assoc. Bus. Progs.: Total Loss Control	Strand Palace Hotel, W.C.2
Sept. 20—24	BACIE: Tecbniques of Instruction (Part 1)	Mansion Hotel, Eastbourne
Sept. 20—24	R & M Mngt.: Modern Warebouse Management	41, Duke Street, W.
Sept. 20—Oct. 1 .	Engineers House Mngt. Center: Design Skills	Clifton Down, Bristol
Sept. 23	Management Studies Centre: Value Added Tax	Piccadilly Hotel, W.
Sept. 29	Mngt. Centre for Europe and the Financial Times: Company Survival in the Science Based Iodustries	The Hague

IFAC selling well

WITH 10 months to go before opening day, reservations for the Industrial Finishing and Anti - Corrosion Exhibition (IFAC) total over 16,000 sq. ft. They have been made by 30 companies including those from overseas representing West Germany, Switzerland, U.S. and France.

It is expected that the event will present a complete picture of developments in the fields during the past two years. It will include finishing systems for organic and inorganic surface coatings and anti-corrosion treatments plus equipment and materials for surface preparation and pre-treatments.

Plans for a two-day conference to be held during the exhibition are well under way. The theme is to be heavy-duty coatings for corrosion protection. The conference is being arranged by the London branch of the Institution of Corrosion Technology. The exhibition is to be at Earls Court, London, from June 6-9.

Looking at landscapes

VISITORS to the Business Efficiency Exhibition at Olympia, in October might care to take a trip across London to the Royal Festival Hall in order to look at a display of ideas for office landscaping.

Several exhibitors are combining in an area of three stands to show a landscaped office, and the central area of the event will show the merits of acoustic ceilings and screens as well as plants in laying out an office.

It is the biggest such show to date. In earlier years it was held at Heathrow. The dates are October 4-8 and it will be open from 10 a.m. to 6 p.m.

6,000 birds in competition

ONE estimate of the value of the pet industry puts it at £30m. a year, a figure that includes birdseed, cages, aviaries and the tweeters themselves. It is a reflection of this that the National Exhibition of Cage and Aviary Birds has shown some steady growth—this year the number of trade exhibitors is expected to reach 50 while two years ago it was under 40.

Breeders from all parts of the U.K. and overseas will be bringing their champions to Alexandra Palace, N. 22, for the December 2-4 event.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The subdivision shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—
Bristol Plant. Bristol 12.
Comben and Wakeling. Bristol, 3.
Denbyware, Great Eastern Hotel, E.C., 12.
Dykes (J.). Glasgow, 12.
Lennons Supermarkets, Liverpool, 12.
Ratners (Jewellers), 05, Wigmore Street, W., 12.
Riley (Robert), Rochdale, 11.30.
Sobranie (Holdings), Connaught Rooms, W.C., 12.

BOARD MEETINGS—
Finals—
Assam and African Investments
Incledon and Lamberts.
Zetters.
Interims—
Cosalt.
Dufay Bitumastic.
Friedland Doggart
Jackson (O. T.).
Low and Bonar.
Needlers.
Pantiva.
Price Forbes.
Trutex
Walker Sons and Co.

DIVIDEND & INTEREST PAYMENTS—
Aberdeen Edinburgh and London Trust Deb. Stk., 2 pc.
Allied Leather Inds. Pref., 2½ pc.
Allnatt London Props deb. stk., 5¼ pc.
Amalgamated Secs., deb. stks. 3¾, 3½, 3¾, 4¾ pc. Ln. stk. £2.836.
Argyle Secs. deb. stk., 3¼ pc.
Associated Biscuit Mfgs. Ln. stk., 3⅞ pc.
Associated Torels. Ord. and "A" 0.43p. pc Ptg Pref. 4p.
Atkins Bros. (Hosiery) Pref., 2¼ pc.
Berry Trust deb stk. 3⅞ pc. Ln. stk. 2⅛ pc.
Boddingtons Brews., 1.25p.
Burmah Oil Ln. stk., 4¼ pc.
C.L.R.P. Investment Trust. deb. stks. 1½, 1¾, 2 pc. deb. stks. 2¼, 2½ pc.
Caledonia Investments deb stk., 3 pc.
Carliol Investment Trust. 1.5p. Pref. 2 pc.
Central London (New) Gtd. Asstd. stk. 2 pc.
City and International Trust Ln. stk., 2⅛ pc.
Conway Stewart Pref., 6 pc.
Cox (H.) and Sons (Plant Hire), 2p.
Croda International Ln. stk., 3⅝ pc.
Cronite Foundry, 2.25p. Pref. 4 pc.
Debenture Corpn., 1p.
Decca Pref., 2½ pc.
Derby Trust Income Share. 4.93tp.
Duport Pref., 2½ pc.
Equity Income Trust deb. stks. 2⅞, 3⅝ pc.
Ever Ready South Africa, 13 cts.
General and Commercial Inv. Trust Pref. 2¼ pc.
Greatermans Stores Prefs., 2½ pc, 3 pc.
Grosvenor Caterers (Glasgow) deb. stk. 2½ pc.
Guthrie Corpn. Ln. stk., 3⅝ pc.
Hepworth (J.) deb. stks., 2¼ pc. 3½ pc. 3⅞ pc.
International Computers deb stk., 2½ pc.
International Publishing Corp., deb. stk. 4 pc. Do. Ln. stks. 2¼ pc. 3[11/16] pc. 4½ pc.
Israel-British Bank. 14.28p.
Jevons Cooper, 1.75p.
Kaiser Aluminium and Chem. Corp., 25cts.U.S.
Kensington Palace Hotel. 0.965p. Do. pref., 2¼ pc.
Leda Investment Trust Income Shares. P.8p.
Lennons Supermarkets. 2p.
Long John International deb. stk., 3 pc.
Lyle Shipping pref., 3¼ pc.
Magnet Joinery deb. stk., 4½ pc.
Manchester Garages pref., 2½ pc.
May and Hassell pref., 2½ pc.
Maybrook Properties. 2p.
Melbourne and General Investment Trust pref., 3¼ pc.
Metal Box Ln. stk., 3 pc.
Mitchell Cotts Ln. stk., 3¼ pc.
Moorhouse and Brook pref., 3¼ pc.
Northern Dairies. 1.5p.
Northern Ireland Electricity 6½pc gtd. 1081-83. 3 pc.
O.K. Bazaars (1929) Ord. and 'A' 18.5 cts.
Ogilvy and Mother International, 20cts.U.S.
Pacific Atlantic Canadian Investment Com. stk., 5cts SC.
Peerless Built-In Furniture Ptg. Pref., 3 pc.
Permali, 0.55p.
Prestige Group, 2p.
Proprietors of Hay's Wharf. 2.25p.
Richards and Wallington Pref., 3¼ pc.
Ropner Holdings Ord. and A. 1.375p.
Schneiders (S.) Pref., 3 pc.
Scottish United Investors. 0.75p.
Smith Bulmer, 3.5 pc.
Sobranie Ord and N.V., 1.25p.
Stoneware Pref. 3¼ pc.
Telehire Group deb. stk., 3½ pc.
Tilling (Thomas) deb. stk., 3¾ pc.
Tollgate Holdings. 5cts.
Triplevest deb. stk., 3[11/16] pc.
Uganda Props. deb. stk., 2¾ pc.
United Builders Merchants deb stks., 2½, 3½, 3⅝ pc., Do Ln. stk., 5 pc.
United Engineering Inds., 1p.
Vita-Tex, 2.2p.
Watson and Philip, 1.3p.
Wood Hall Trust Ln. stk., 5¼ pc. Do. Ex. £33 per £100 orig. stk.
Wormalds Walker and Atkinson Ln Stk., 4½ pc.

TO-MORROW

COMPANY MEETINGS—
Angus Milling, Kirriemuir, 12.
Dover Engineering Works, Dover, 12.
Dunbee-Combex-Marx, 117, Great Portland Street, W., 11.
Fisher (Albert), Burnley, 2.30.
Gardiner Sons, Weston-Super-Mare, 12.
General Engineering (Radcliffe), Radcliffe, 12.
Great Portland Estates, Café Royal, W., 12.
Kirby's, Liverpool, 12.
London and Midland Industrials, Connaught Rooms, W.C., 11.30.
Powell Duffryn, Dorchester Hotel, W., 12.
Taylor and Hartley, Westhoughton, 2.30.
Wrighton (F.), Oillet Road, E., 12.

BOARD MEETINGS—
Finals—
H.M.A. of New Zealand.
Oddenings.
Westminster and Country Props.
Young Austen and Young.
Zambian Anglo American.
Interims—
Clarkson International Tools.
Fairclough (L.)
General Accident.
Long John International.
Oliver (G.).
Sun Alliance.
Watts Blake Bearne.

DIVIDEND & INTEREST PAYMENTS—
Algoma Central R'y., 10 cts. SC
American Brands Inc., 55 cts. $U.S.
American Metal Climax, 35 cts. $U.S.
Anglo Argentine Tramways deb stk., 2, 2¼ pc. 1st deb stk. 2½ pc. 1st deb. stk. 0.3 pc.
Ashdown Invest. Tst., deb stk. 2½ pc.
Ashley Gardens Props., deb. stk. 3 pc.
Associated Portland Cement Manuf. deb. stk. 3, 3½ pc.
Australia (Comm. of) 7pc 1079-81 3½ pc.
Bank Bridge Secs., 1.5p
Bank of Montreal, 10 cts. SC.
Berry Wiggins, 1p.
Birmingham (City of) 3¼ pc 1070-72. 1⅝ pc.
Bootia Corp. 0¼ pc Bds. 1971. 4⅛ pc.
Bowater Paper Corp deb. stk., 1⅞ pc.
Bretlla (G.). Prel. 2½ pc.
Brisbane (City of) 6pc. 1072 3 pc.
Bristol, 4pc 1068-71 2pc.
British Aluminium, Prel. 3 pc.
British Inos. Gen. Invests. deb. stk., 3¼ pc.
British Invest. Tst. deb. stk., 2 pc.
British Sidac Pref., 3½ pc.
Buffalo Lake Huron Rly. 1stMt.Bds., 2½ pc.
Burmah Oil deb. stk., 2¼ pc.
Burton Group deb. stk., 3¼ pc.
Card Clothing and Belting Prel., 3¼ pc.
Cardinal Inv. Tst Dfd. 1.0792p.
Ciro Pearls (Hldgs.) Prel., 3½ pc.
City and International Tst. Pref. 2½ pc.
City National Inv. Tst. deb. stk., 1¾ pc.
Clarke Nicholls and Coombs ln. stk., 4¼ pc.
Coltness Industs., 0.75p.
Comben and Wakeling, 0.5p.
Continental and Industrial Tst. deb. stk., 2½ pc.
Corpn. of London 3½ pc deb. stk. 1083-93. 1½ pc.
Costa Rica Rwy. debs. (Reg.) (Red.), 3¼ pc.
Courage deb. stks., 1⅞, 2⅛ pc.
Cullen's Stores, Ord. and A Prel. 2½ pc. Deb. stks. 3½, 3⅞ pc.
Cyprus 3½ pc 1900-71. 1½ pc.
Daniell Sons Brews. deb. stk., 2 pc.
Danish Government 4 pc Ln. 1012, 2 pc.
Debenhams deb stk 2 pc.
Denbyware 3.25p.
Derby, 8¼ pc Bds. Red. 1/0/71 £4.26P6 4⅛ pc.
Derbyshire County Council, 6¼ pc Stk. 1973-74 3⅛ pc.
Dominion Gen. Tst., deb. stk. 2 pc.
East Lancashire Paper Mill, 0.75p.
East Lothian, 8¼pc Bds. Red. 1/9/71 £4.2600
East Surrey Water, Pref. 2 pc., deb. stk. 2, 2½, 3½, 3⅞, 5 pc.
East Worcestershire Water Ord. £2.50. Ord (10 pc max) 50p, Prefs. 2, 2½ pc.
Economic Group, Pref. 4 pc.
Electric General Inv., deb. stk. 4½ pc.
Electricity Bd. N. Ireland. 6½ pc Gtd. 3¼ pc.
English Electric, Prel. 3¼ pc.
Exchequer Stk. 6½ pc 1076 3¼ pc.
Financial Times, deb. 2¼ pc.
Ford Motor, 63 cts. $U.S.
Forte Hldgs. deb. stks., 2.4, 3.05 pc.
Gallaher, Ln. stk 3 pc.
Gestetner Papers, deb. stk. 2⅝ pc.
Greencoat Properties, deb. stk. 3¼ pc.
Halon Hamer, Prol. 3½ pc.
Hartley Crossland, Prel. 2½ pc.
Heavitree Brewery, deb. stk. 2¼ pc.
Imperial Tobacco Group 1.875p.
International Stores Pref. 3 pc.
International Utilities Corp. 35 cts. $U.S.
Ireland (Rep. of) 4½ pc Nat. Ln. 1973-76 2¼ pc.
Jamaica 7pc stk. 1976-78. 3½ pc.
Jute Industries 1p.
Kennedy's (Builders Mchts.) Prel., 3, 4 pc.
Kleinwort, Benson, Lonsdale deb. stks., 2, 2½, 2¼ pc.
Lancashire Utd. Transport Prol., 3 pc.
Lewis's deb. stk. 1¼ pc.
Liverpool Corp. 8¼ pc. Bds. 1/9.71. 4⅛ pc.
London (Bridges) Corp. Act 1911 3½ pc Obs. 1919-73. 1¼ pc.
London (Corp. of) 3½ pc. deb. 1963-93 1¼ pc.
London County 3 pc. Cons. stk. 1920. 1½ pc.
London Prudential Inv. Tst. deb. stk., 1½ pc.
Low and Bonar Group Prefs., 2¼, 3 pc.
Lucas (Joseph) Inds. Prsl., 3¼ pc.
Luton Water Cons. (4 pc. Max.) £2. Deb. stks. 2, 2¼, 3½, 3⅞ pc.
M. and G. General Tst. (Income Units) ; 3p
Marshall (T.) Inv., Pref. 3 pc.
Mather Platt. Pref. 2⅛ pc.
Mercantile Inv., deb. stk. 1¼ pc.
Metropolitan Water Bd. Chelsea W.W. 3 pc. (B) 1½ pc.
Mitchell Constr., Pref. 5½ pc.
Monsanto Textiles, Stg. Dllr. Ln. 2½ pc.
Motherwell Wishaw, 8¼ pc. Bds. 8.3.72 4⅛ pc.
Municipal Tst., Prol. 2½ pc.
Myddleton Hotels Ests., Prel. 2¼ pc.
Nairn Williamson, deb. stk. 2 pc.
Nigeria, 2½ pc. stk. 1066-71 1¼ pc.
Northern American Tst., deb. stk. 1½ pc.
Nottingham, 6¼ pc bds. 1971 £4.26P6.
Nyasaland, 4½pc stk. 1071-78 2¼ pc.
Peninsular Oriental Steam Navig., deb. stk. 1¾ pc.
Port London, 3½ pc. stk. 1980-71 1¼ pc. 6½ pc. stk. 1987-90 3¼ pc. 3½ pc. stk. 1966-71 1¾ pc.

Continued in next column

Continued from preceding column
Premier Inv., deb. stk. 2 pc.
Proprietors Hay's Wharf, deb. stk. 3⅛ pc.
Radio Rentals, Ln stk. 3¼ pc.
Ransomes Rapier, deb. 1¼ pc.
Redland Pref., 3¼ pc.
River Plate and General Inv. Trust Dfd. 3p. Prefd. 2½ pc.
Robinson (Thomas) deb. stks., 2½, 3 pc.
Royal Bank of Canada, 22 cts. SC.
Sainsbury (J.) Props. Ln. stk., 4 pc.
Sangers Ln. stk., 3 pc.
Schroders Ln. stk., 3 pc.
Scottish Agricultural Secs. Corp. 3¼ pc. deb. 1979-84 1⅞ pc. 5½ pc. deb. 1986-88 2¾ pc.
Scottish Mortgage and Trust Pref., 2½ pc.
Second Covent Garden Prop. deb. stk., 1¼ pc.
Sevenoaks and Tonbridge Wtr. Cons. Ord. (5 pc Max.) £2.50. Prefs., 2, 2¼, 2⅞, 3 pc.
Shufflaid Corp. 2½ pc. Red. deb. stk. 1966-71, 1¼ pc.
Signode Corp. 27½ cts.
South African 4½ pc. 1055-75 2¼ pc.
Southern India Tea Estates Pref., 3 pc.
Spillers deb. stks., 3, 3⅛ pc.
Spreckley (Chas.) Group Prel., 3 pc.
Steel Group deb. stk., 3¼ pc.
Tanganyika 5½ pc. stk. 1078-82. 2⅞ pc.
Tarmac deb. stks., 2⅝, 3¼, 3⅜, 3¼ pc.
Telephone and General Tst. deb. stks., 1¾, 2¼ pc.
Tendring Hundred Waterworks Ord Shs. 40p. 0 pc New Ord 25p. Prefd. Ord. 4Pp. Prefs 2, 2⅛, 3, 3¼ pc.
Treasry. 8¼ pc 1997 4⅛ pc.
Troydale Inds., Pref. 3½ pc.
Union South Africa, 4½pc stk. 2¼ pc.
United Bldrs. Merch. Prel. 3¼ pc.
Vickers. Ln. stk. 3 pc.
Victory Ops. (4 pc) 2 pc.
Wall Paper Mfgs., deb stk. 2 pc.
Webster (S.) 3.5p.
Westminster 8¼ bds. 1071 £4.2606.
Weston Pharm Ln stk. 4 pc.
Weyburn Eng., Pref. 3 pc.
Whitbread deb. stks., 2¼, 2⅞, 2¼, 3⅛ pc., New Deb. £2.79.
Whites (Timothy) Taylors, Ln. stk. 3⅛ pc.
Williams Furniture Pref. 2½ pc.
Witan Invest., deb. stk. 4 pc.

THURSDAY, SEPTEMBER 2

COMPANY MEETINGS—
Airfix Industries, Royal Garden Hotel. W., 12
Bradford (Robt.), Minster House, E.C., 10.
Carlton Industries, Winchester House. E.C., 12.15
Fluvent Electric, Manchester, 12.
Hicking Pentecost, Nottingham, 12.
Invergordon Distillers, Winchester House. E.C., 12.45.
Kant (G.), Connaught Rooms, W.C., 12
Midland Cattle Products, Birmingham, 2.3P.
Minster Assets, Great Eastern Hotel, E.C., 12.
Scottish & Newcastle Breweries, Edinburgh, 11.3P.

BOARD MEETINGS—
Finals—
British Electric Traction.
Howard (H. R.).
Imry Property.
Interims—
Albright and Wilson.
Ashe Chemical.
Blue Circle
Canning Town Glass.
Collins (Wm.).
Early (Charles) and Marriott.
Imperial Chemical Inds.
London and Bombay Utd. Investments.
Pennine Motor Group.
Quick (H. and J.).
Spong and Co.
Wallis (F. J.).

DIVIDEND & INTEREST PAYMENTS—
A.B.C. Packing, 40 cts. SC.
Alcan Aluminium, 25 cts. $U.S.
Berisfords, 1p.
Dover Engineering Works, 1.2p.
F.M.C., 0.2p.
Fluvent Electric 0.275p.
General Engineering (Radcliffe), 0.25p.
Goblin (B.V.C.) P.75p.
Great Portland Estates, 4.5p.
Hicking Pentecost, 4p.
London & St. Lawrence Inv. Prel., 2½ pc.
M. & G. Dual Trust Inc. Shares, 2.6p.
Midland Cattle Prods., 2.75p.
Plastic Constructions, 1p.
Riley (Robt.), 0.75p.
Vereeniging Refractories, 4.6607p.
Wrightson (F.), 1.5p.

FRIDAY, SEPTEMBER 3

COMPANY MEETINGS—
Audio Fidelity, Leeds, 12.
Avana Group, Newport, 12.
Bear Brand, Liverpool, 11.30.
Brown (John), 4, The Sanctuary, S.W., 12.
Cooper (Frederick), Wolverhampton, 12.
Greenwood and Batley, Leeds, 12.
Hepworth Ceramic, Charing Cross Hotel. W.C. 12
Marryal Group, 30, Kirby Street, E.C., 4
*Raglan Property Trust, Abercorn Rooms. E.C., 11.
Ratcliffe (F. S.) Industries, Rochdale, 12.
*Extra-ordinary Meeting.

BOARD MEETINGS—
Finals—
Edworks (1036).
Interims—
British Mohair.
Oslyn.
Fisher (Jas.).
Kleeman Industrial.
Mixconcrete.

DIVIDEND & INTEREST PAYMENTS—
Allied Colloids Mfs., 3p.
Audio Fidelity, 4p.
Avona Group, 0.375p.
Ayr 7¼ pc. Bds. Red. 8.3.72. 3⅞ pc.
Bournemouth 7¼ pc. Bds. Red. 8.3.72. 3⅞ pc.
Brent 7¼ pc. Bds. Red 8.3.72. 3⅞ pc.
Bristol Plant. 0.6p.
Britannic Assurance. 4p.
Buckinghamshire 7¼ pc. Bds. Red. 8.3.72. 3⅞ pc.
Clackmannan 7¼ pc. Bds. Red. 8.3.72. 3⅞ pc
Court Line 2.5p.
Hongkong and Shanghai Banking. 12p Do. 12p.
Islington 7¼ pc. Bds. Red. 8.3.72. 3⅞ pc.
Renwick Wilton and Dobson. 2.5p.
Slough 7¼ pc. Bds. Red. 8.3.72. 3⅞ pc.
Standard Trust. 1.75p.
Zambia Copper Invests., 2.5p. Do. New Shares. 2.5p.

SATURDAY, SEPTEMBER 4

DIVIDEND & INTEREST PAYMENTS—
Cooper (Frederick), 1.7p.
Gillette Industries, 35 cts. U.S.$.
Marryal Group Ord. and A N.V., 1.5p.
Ratcliffe (F. S.) Inds., 4.075p.
Scottish Northern Investment Trust. 1.25p.

THE WEEK IN THE COURTS

The right to work: an opportunity missed

BY JUSTINIAN

NOTHING less significant than the law's attitude to a man's right to work was involved in *Hill v. C. A. Parsons and Co. Ltd.* in the Vacation Court last week before Mr. Justice Brightman. In the event the judge adhered to the traditional rule that the courts will not make parties carry out a contract of service, but will only award damages for any breach of such contract. An opportunity was missed, therefore, to give the workman in the face of wrongful dismissal by his employer, an order that he should be allowed to continue in the employment.

Mr. Hill is a contracts engineer who had served his employers, a large company of engineering contractors, for almost 35 years. His efficiency and conduct were impeccable, and but for the enforcement of a closed shop agreement between the company and the Draughtsmen's and Allied Technicians' Association (DATA) he would have ended his working life happily with the company, retiring in two years' time on a well-earned pension.

Condition

In breach of Mr. Hill's service agreement, the company wrote him a letter on May 15, 1970 stating that there would be a change in the conditions of his employment to effect the closed shop agreement with DATA. The letter added: "If you are not already a DATA member and prior to May 15, 1970 were not a member of another trade union affiliated to the TUC it will be a condition of employment that you are required to become a member of DATA."

Mr. Hill did not join DATA, and on July 30 the company wrote terminating his employment on August 31. Thirty-eight of Mr. Hill's colleagues were similarly placed. They all declined to join DATA because they considered themselves professional engineers and that it would be against professional ethics to involve themselves in strike actions, which might well be an obligation of union membership.

Mr. Hill thereupon issued a writ asking for relief based on the breach by the employers of his contract of service. He would not be content to receive damages: he wanted to continue in his life-long employment. And so he asked the court for an interim injunction restraining the company from implementing the notice of July 30.

Did the courts have the power to order the company to continue employing Mr. Hill? The seemingly inflexible rule has been that the courts have never dreamt of enforcing agreements which are strictly personal in nature. The rationale of this attitude is the workman's right to choose for himself whom he serves—which distinguishes the servant from the serf.

The courts are unwilling to compel people who do not want to maintain continuous personal relations with one another to continue those relations. The courts have, in other words, jealously guarded against turning contracts of service into contracts of slavery—a corollary of the laissez-faire doctrine of the 19th century.

But is that rule as inflexible as Mr. Justice Brightman thought it was? A contract between me and my charlady is sufficiently personal to make the law chary of forcing either party to continue the employment, even though we had agreed formally that it should continue. Nothing could be more conducive to bad social relations than for the law to force the company of one upon the other.

But is it right to regard an employment of someone in a huge composite organisation of such a personal nature that the law cannot order the employment to continue in accordance with the bargain the parties originally made with one another? Surely not.

And even if all contracts of service are to be regarded as sufficiently personal so as to bring the rule into play, there is often no personal friction between Mr. Hill and the company such as to make future relationships fraught with difficulties. The rupture in the employment was unwillingly forced upon the company by trade union activity. Of course, if the courts did decide to order continuance of the employment, there would be a head-on clash between the law and the closed-shop principle.

Instances

There are some instances where Parliament has compelled an employer to continue to keep a workman in his employment or to oblige a workman to work for an employer. Under the old National Dock Labour Board scheme a registered dockworker was relieved of some of the worst effects of casual labour by being paid even if there was no work; but if there was work for him he was allocated to a registered employer as his employee for the day.

This scheme is unlikely to a precedent for other industr since it was peculiar to the mo vilified casual employment in docks. But if a worker with statutory status can enforce right to work for an employ why not the worker under contract?

The changing nature of relationship of employer employee suggests that courts might be willing to br with the past and with the o dated notions that to enfc contracts of employment wo be countenancing a kind latter-day serfdom.

As the demand for job secu increases it is likely anybody t the courts will be faced enforcing statutes which dem some form of "reinstateme to a wrongfully dismissed man. If social pressures not yet prevailed upon Par ment to introduce any statu schemes in which employmen forced on either employee employer, the day cannot be off. It is just a pity that courts have so far not give lead in this direction.

Provision

The Industrial Relations A 1971, gave little comfort to proponents of reinstateme The Act does provide, ap from some exempt occupati and small enterprises, that employee who claims he been unfairly dismissed can c plain to an Industrial Tribu If the tribunal finds the c plaint well-founded "and c siders that it would be prac able, and in accordance w equity, for the complainant be re-employed by employer," the tribunal make a *recommendation* to t effect.

If the employer chooses to i regard the recommendation, i only sanction is that he m then be ordered to pay a bigg amount of compensation: much is not at all clear. T is a modest enough step in direction of reinstatement.

Mr. Justice Brightman wo have granted Mr. Hill the inju tion he asked for had he r found himself constrained fr doing so by the law. Perh the Court of Appeal will f that the legal constraints of 1 century Britain have little ap cation to a highly modern ind trialised society on the brink association with European co tries where the concept of le reinstatement in labour law h already found its place.

World Value of the Pound

The World Value of the Pound table is not published to-day, because of the unsettled state of the foreign exchange markets and the holiday in London yesterday. It is hoped to publish as complete as possible a version of the table to-morrow.

OLD PENNIES OUT

To-day is the last day when old penny or a threepenny pie can be spent. The coins cease be legal tender at midnight. Fr to-morrow the banks will not ta the coins. The only significa of the coins will then be sen mental, or in collections. So ma have been saved that they unlikely to have much value collectors.

EEC seen as saviour for depressed areas

BY RICHARD EVANS, LOBBY CORRESPONDENT

ENTRY to the Common Market would bring immense gains to Britain's less prosperous regions, according to a Conservative Political Centre pamphlet published to-day.

The author, George Gardiner, argues that existing regional incentives would give Scotland, Wales and other development areas a lion's share of the new industrial growth that would follow.

His conclusions will help opponents of entry to counter the arguments of many Labour MPs who fear that EEC membership would accelerate the economic decline of the regions and hasten the drift to the prosperous Midlands and South-East.

The first impact of entry would be felt from the industrial investment decisions that would follow a parliamentary vote in favour of entry.

This impact would be reinforced by the Government's battery of regional investment incentives which, Mr. Gardiner believes, would channel a major part of the new activity to the development and intermediate areas.

One of the main arguments used in support of his case is the evidence that the Community's regional policies will become more orientated towards tackling the problems of industrial obsolescence which lie at the root of many of Britain's regional difficulties.

In a foreword, Mr. Peter Walker, Secretary for the Environment, claims that the result of Britain joining the Common Market would be to stimulate economic growth that was necessary to bring new industries to the regions and to improve the infra structure.

"*A Europe for the Regions.*" by *George Gardiner, Conservative Political Centre. 10p.*

Quiet Bank Holiday except in South-East

FINANCIAL TIMES REPORTER

BANK HOLIDAY Monday was described yesterday as "a disappointment and a washout" by the RAC. With the exception of the South-East, traffic was below that of a normal week-day, a spokesman said.

Airlines, coach operators and British Rail reported that the number of passengers carried was similar to last year but no records had been set.

Traffic to the West Country, the Lake District and South Wales was "considerably less than that of a normal Bank Holiday period," the RAC claimed. Roads were quiet and car parks at seaside resorts and beauty spots half empty.

Only in the South-East, where sunny spells enticed motorists out, did traffic approach Bank Holiday proportions. The RAC said that by mid-day vehicles were leaving London at the rate of 33,000 an hour on 23 main routes.

The build-up of holidaymakers returning to London was under way last night but the RAC said conditions were no worse than a normal week-end.

BEA operated 21 extra flights and carried 50,000 passengers during the holiday period. "It has been a fairly busy holiday, but no records have been broken," said a spokesman. The Channel Islands, Cyprus and Malta were the most popular destinations.

Rail services

Additional services operated by British Rail were "very similar to last year." London-Midland region put on 70 extra inter-city services while Southern ran an extra 100 trains in the holiday period—"the services were quite well used and passengers were slightly up on last year," a Southern Region spokesman said.

The number of vehicles leaving Victoria coach station yesterday was little different from a normal week-day. Business was at about the same level as last August Bank Holiday Monday, a spokesman said.

Fees increase at school of architecture

THE Architectural Association has announced an increase in tuition fees for undergraduate students at the Architectural Association School of Architecture, from £460 to £580 per annum. The new fees will apply from January.

The president of the Architectural Association, Mr. John Smith, commented: "With a good intake of new students for the coming session the AA School is still very much in business, in spite of the pessimistic reports published at the end of last year.

"I am firmly of the opinion that the future of the AA can be secured, and the Council, together with staff and students of the school, are now in the process of preparing a suitable scheme.

"We are determined to make every effort to ensure the continuation and further development of the AA as an independent centre of architectural education," he said.

ANNUAL STATEMENTS

WOODEND (KELANI VALLEY, CEYLON) RUBBER & TEA

The following is an extract from the circulated statement of MR. T. H. MACER, M.C., F.C.A., the Chairman:—

The profit for the year before taxation was £11,359 compared with £18,535 for 1969. The reason for the decrease in profit has been the world wide decline in the price of rubber, together with a slightly higher cost of production which reflects the steady inflationary tendency in Ceylon.

Your Directors have declared an Interim Dividend of 5% to be paid when the funds have been remitted from Ceylon. Funds covering the Interim Dividend of 2½% for 1966 and the Interim Dividend of 7½% for 1969 have been released and the Dividends paid but we still await remittance of the Interim Dividend of 2½% in respect of 1967.

Ceylon is beset by many problems and it is very difficult therefore to be optimistic about the future of our Estates. We are reasonably efficient operators but I cannot visualise our plantation interests providing anything other than meagre profits and dividends in the years ahead. Your Directors will continue to explore the possibility of expanding the Company in other spheres.

Accountants' salaries up £186 in first half

FINANCIAL TIMES REPORTER

ACCOUNTANTS' salaries have risen on average by £186 to £2,262 in the six months to June 1971—in other words by more than 11 per cent. a year.

Salaries for senior posts have grown more rapidly with finance directors enjoying a £900 rise to £6,000, or an increase equal to 36 per cent. a year.

These figures are published by Reed Executive (Selection) following a survey of nearly 1,500 employees.

The company reports "a sharp contrast" between its experience of recruitment in the 21-40 age sector and the survey.

"According to Reed Executive, "employers more and more regard the qualifications as secondary to the man." But the survey "strongly suggests greater recognition of the chartered man."

The average salary for Chartered accountants is shown as £3,408 compared with £3,000 for Certified and cost and works accountants. Unqualified employees earn £2,200.

Such a pattern, Reed Employment says, strongly suggests one of three things: chartered accountants are benefiting from employers' prejudices, are naturally better all-rounders, or something in the past selection and training processes produced better accountants in the chartered bodies between 1945 and the present date.

An increase in the proportion of accountants with a company car from 24 per cent. to 33 per cent. may indicate a greater use of the car as a tax-free benefit, Reed Employment points out.

Best-buys guide for electrical trade tools

Financial Times Reporter

THE JOINT INDUSTRY Board for the Electrical Contracting Industry has published the first in a regular series of technical reports designed to evaluate the "best buy" in plant and tools for use by electrical contractors.

Entitled "PLANT"—Productivity—a Look at New Tools and Equipment—the reports will be available up to four times a year. Each issue will deal with at least one type of equipment currently available.

The Board believes that the reports will form the first industry-based national comparability studies undertaken in this country. A special feature will be a comparison of economic as well as practical performance of the tools and equipment evaluated.

A Board spokesman said that the first edition dealt with stripping tools used for mineral insulated copper-covered cables. He added "An indication of the potential value to the industry of these reports is that this first study has drawn attention to the significant fact that the best hand-tool on the market is the least well-known to the industry."

The publication of the results of comparability tests in "PLANT" is regarded as a natural extension of the Index of Tools, Materials, Plant and Equipment compiled by the Board's central services library, which has been available to Board participants free on request for some time.

No rush of EEC workers expected—CBI

By Our Labour Editor

FEARS that the U.K. might suffer from a sudden influx of workers from Europe if Britain joins the Common Market can be discounted, says the CBI in its latest Industrial Relations Bulletin, published at the weekend.

Employers have been considering the implications of the Treaty of Rome provisions on free movement of labour under which Community nationals and their families are able to move about freely to work in member countries on equal terms with local workers.

But the CBI says that the present manpower position of the Six shows that a flood of Europeans would not suddenly arrive in the U.K. looking for work. "The EEC countries, other than Italy, have had a very low level of unemployment combined with many unfilled vacancies, and have therefore had to recruit increasingly from outside," states the CBI. In 1969, 80 per cent. of migrant workers within the EEC came from non-member countries and normally had to have a job to go to before arrival because they did not benefit from the EEC free movement arrangements.

THE CURRENCY CRISIS

IN BRIEF

● ZURICH: The foreign-exchange market was quiet yesterday, the dollar improving further to Sfrs. 3.9850/3.9925 and the gold price going up slightly to $41.40/41.60 per ounce. It seems unlikely any further changes in the provisional Swiss foreign-exchange system will occur in the immediate future. The National Bank having held no new talks with the commercial banks and the Swiss Cabinet being expected to hold no extra-ordinary session before its routine Wednesday meeting.

● SYDNEY: The Australian dollar is to remain pegged to the £ for the time being, as part of the Government's wait-and-see policy. A statement from the Treasurer, Mr. Snedden, issued on Sunday, said: "It remains to be seen how the yen will move in relation to the U.S. dollar in the period ahead." This means that the Australian dollar is currently valued at 3 per cent. up on the U.S. dollar parity rate, and has been devalued against the yen.

● MADRID—The National Bank made a slight downward adjustment of the dollar parity which, in effect, devalued the dollar by 0.2 per cent. in relation to the peseta. The official rate covering foreign exchange operations was lowered from last week's 69.41 pesetas to the dollar to 69.275. It was the first change in the parity since the dollar was floated. Official rates governing the sale and purchase of dollar bills were also adjusted downward by the National Bank, from 69.06-69.41 to 68.88-69.23 for large denominations and from 68.88-69.41 to 68.70-69.23 for small denominations. This represented a drop of 0.33 per cent. in the value of dollar bills sold or bought against pesetas.

● HONG KONG: All money markets were closed here because of a public holiday commemorating the British colony's liberation from Japan 26 years ago.

● FRANKFURT: the dollar had a quiet day closing at around DM.3.40, against the official parity of DM.3.66. The official fixing—at DM.3.3986—was very slightly down on Friday's DM.3.4015.

France resisting foreign pressure to revalue

BY ADRIAN DICKS

PARIS, August 30.

THE DOLLAR moved down a full one per cent. against the French franc on the free market here to-day to close at Frs. 5.32—*equivalent* to a devaluation of 4 per cent. from the old parity of 5.554.

However, the large-scale rush of speculative funds into Paris forecast by some observers last week at the moment of the yen float did not materialise to-day, although on the official exchange market—intended to be limited to commercial transactions—the Banque de France *was obliged* to intervene to protect the old parity at its lower margin of 5.5125.

How long the French Government can maintain successfully its now isolated resistance to American and German pressures to revalue will depend on foreign interest in the franc.

The French have *dug* in well behind what has already been dubbed a monetary Maginot Line of exchange controls, non-remuneration of foreign accounts and partial float.

But *few* people here believe the two-tier market could long survive a difference greater than 6-7 per cent. *between* the commercial franc and the financial franc.

Two strong hints have emerged over the *week-end*, meanwhile, that a dollar devaluation against gold will be France's main objective in the discussions aimed at a general realignment of parities which will begin at this week's meeting of the Group of Ten Deputies here.

M. Giscard d'Estaing, French Finance Minister, told the German weekly Der Spiegel, that he saw no reason for a change in present official parities, which could only be *expressed* in gold since the floating of the dollar.

While he claimed that "contrary to what is believed, we have never *taken* up a *position* regarding an increase in the gold price," he seemed to be suggesting that this would be the logical outcome of the *Americans'* position.

First attempt

A less veiled view came from the Governor of the Banque de France, M. Olivier Wormser, who said in an interview with the Figaro that it was "time to stop claiming that the dollar cannot be devalued against gold. "Any solution that results in an increase in the gold price, expressed in almost every currency, seems good, this increase being, of course, more or less according to the competitivity of each country."

M. Giscard d'Estaing also remarked that the dollar had withdrawn from its status as a reserve currency, a role that might in time be filled by an instrument such as special drawing rights which were based on gold.

The first attempt to expound this view of a system of fixed exchange rates based on a gold/SDR standard was presumably being made to-day to the two German Secretaries of State, *Herr Schoellhorn* and *Herr* Von Braun, who arrived in Paris for the first of a series of bilateral meetings between Common Market *members* designed to find some common ground before the next Finance Ministers' meeting on September 13. Preliminary *reports*, however, *suggested* that the meeting was confined to "an exchange of views."

French officials, however, seem to expect little headway to be made in these exchanges. M. Giscard d'Estaing repeated to Der Spiegel that he saw little prospect of any joint Community position emerging in time to be put forward at the International Monetary Fund meeting at the end of September.

Rather than seek a compromise Common Market solution at present, it seems more likely that Paris wants to bargain its intransigence directly with Washington. How strong its hand is going to be will depend on how fast the pressure increases on the foreign exchange market.

Hint of toughness on surcharge

BY JOHN GRAHAM, U.S. EDITOR

WASHINGTON, Aug. 30.

THE ADMINISTRATION to-day gave its first quantitative guess at the effects of its new economic policy, when Dr. Paul McCracken, Chairman of the Council of Economic Advisers, spoke to a Congressional committee.

Dr. McCracken said the removal of the surcharge was negotiable, but gave no sign of what form these negotiations would take or what the timing might be. When asked if the *surcharge* might be *withdrawn* in a year, he refused to be specific.

However, his remarks appeared to reinforce the line that people should not *simply* expect the U.S. to take the surcharge off just *because* other countries are letting their currencies appreciate against the dollar. The Administration still wants to improve its international financial position by getting more favourable trading arrangements and by persuading other countries to pay for more of the free world's defence.

Thus the surcharge may have done one of its jobs—though the U.S. has still to see the yen go up as far as it would like—but there remain two other jobs for it to do. Some officials have even talked in terms of waiting until the U.S. appears to have a balance in its payments, and that could *obviously take years*.

Dr. McCracken also gave some quantitative estimates of the effects on the domestic economy. He said there would be a net increase of $15,000m. in America's Gross National Product in 1972, over and above whatever increase would have occurred without the new programme. More than half the gain would come from a substantial increase in consumer confidence, leading to greater purchases and consequent reduced saving.

Dr. McCracken said the austerity part of Mr. Nixon's proposals would lower the GNP by $9,000m., but that the stimulative parts would produce an extra $24,000m. All these figures are in current dollars and therefore do not *allow* for next year's inflation.

The figures are guesswork to the following extent: no one in the Administration can *tell* what the Congress will do to those proposals which need legislation (such as the investment tax credit and the budget cuts), and no one knows either whether individuals and companies will in fact be sufficiently cheered to go on a spending spree.

Nevertheless, the *Administration's* hopes and policies for the future were spelled out a little more clearly by Dr. McCracken than they have so far been by anyone in office. They are as follows: (1) A consumer boom, leading to the given increase in GNP; (2) Some form of wage and price control after the 90-day freeze expires on November 12. Dr. McCracken said that a simple continuation of the freeze would not be the best answer. But he and Mr. John Connally (Secretary of the Treasury) and all other senior members of the Administration, agree that something will have to take the freeze's place.

A simple reversion to the previous situation would stimulate yet more inflationary pressure, in the Administration's view. Over the week-end the Administration began to hint at a possible policy of controls for profits and dividends also, and has already promised that organised labour will have a say in the follow-up policies for wages and prices.

Malta pound may float further

By Our Own Correspondent

VALLETTA, August 30.

THE Malta pound, which floated last week at £M1.05 against sterling has emerged stronger than expected and the Central Bank said there could be scope for another exchange rate increase. The figure mentioned is 5 per cent, but no confirmation has come from the Central Bank.

Heartening to the Maltese is that fears which foreshadowed flotation have far from materialised. The complete lack of resistance in London to Mr. Dom Mintoff's 5 per cent. increase to the Malta pound has left trading between the two countries unaffected.

Latin America expected to concert action

BY OUR OWN CORRESPONDENT

BUENOS AIRES, August 30.

REPRESENTATIVES of Latin American governments will begin meeting here on Friday to consider the restrictive international trade measures adopted by the U.S., it is reliably reported.

The probable meeting will be among delegates from CECLA countries—this is the Latin American caucus whose objective is to arrive at joint positions on trade and development problems faced by Latin American countries (Comision Economica Para America Latina). The meeting has been proposed by the Argentine President, Alejandro Agustin Lanusse, who is anxious for it to take place soon *so as to be out* of the way before the Latin American Economy Ministers begin meeting on September 20 prior to the International Monetary Fund Assembly.

According to calculations made in Washington, 22 per cent. of Latin America's exports to the U.S. are affected by the 10 per cent. import surcharge announced by President Nixon. The same calculations have it that much more of Argentina's exports to the U.S., about 70 per cent. of them, are affected. Argentina's exports of cooked meat to the U.S. are what contribute most to bringing this percentage up.

Even before the *CECLA* meeting here became a near certainty, Argentina and Uruguay had taken steps to form a common front to oppose the American measure. Uruguay's economy and Finance Minister, Carlos Mario Fleitas, is expected in *Buenos Aires* to-morrow to confer with Argentina's Treasury and Finance Minister, Juan Quilici. Uruguay's principal exports to the U.S., hides and textiles, also are extremely adversely affected by the Nixon measure.

LIBYA ALTERS CURRENCY

By Our Own Correspondent

CAIRO, August 30.

LIBYA is to change its *currency* from the pound to the dinar, as from September 1, according to an amendment to the country's banking law announced yesterday in Tripoli. The dinar, which will have the same value as the pound, will be divided into 1,000 dirham.

It was also announced yesterday that the Government's 51 per cent. share *in* the *commercial* banks, which were nationalised last year, is to be transferred to the Central Bank.

Under another Revolution Command Council decree issued yesterday the Government will take over control of all imports. The Minister of Economy is now entitled to stop or restrict the import of any commodity. The RCC decree states that the aim of the import control is to provide Libyan consumers with the best goods at the most convenient prices. The Government will allow importers a fair profit but will see that consideration is given to local production, the announcement said.

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(here in after called "Debentures") of the

Quebec Hydro Electric Commission

Public Notice is Hereby Given that the Quebec Hydro Electric Commission intends to and will redeem for SINKING FUND PURPOSES on October 1, 1971 pursuant to the provisions of the Debentures, the following Debentures as indicated, of the above-mentioned issue, at 100% of principal amount plus accrued interest to the redemption date, namely:

Debentures bearing the prefix BQ:

00018	01428	02782	04090	05794	07187	08373	09685	10980	12750	13858
00026	01437	02803	04100	05820	07172	08408	08729	11005	12768	13860
00048	01443	02804	04181	05850	07209	08408	09784	11035	12783	13894
00054	01518	02084	04106	05868	07225	08413	09785	11062	12788	13883
00076	01529	02871	04208	05941	07228	08445	09806	11113	12790	13800
00094	01575	02890	04248	05856	07266	08447	09811	11122	12812	13902
00106	01581	02901	04253	05972	07279	08462	09823	11178	12825	13015
00124	01872	02928	04288	05989	07331	08476	09870	11181	12834	13031
00131	01681	02930	04287	05999	07354	08477	09860	11163	12835	13937
00143	01740	02931	04272	06042	07357	08480	09900	11102	12848	13999
00161	01758	02935	04277	06050	07382	08501	09942	11264	12866	14027
00166	01792	02940	04305	06116	07398	08508	09946	11278	12811	14153
00178	01803	02051	04318	06127	07418	08514	09982	11317	12841	14210
00182	01815	02958	04368	06201	07440	08518	10021	11320	12967	14217
00185	01855	02992	04388	06211	07450	08525	10037	11357	12878	14218
00190	01058	03003	04413	06233	07477	08526	10068	11401	13003	14238
00228	01890	03010	04421	06235	07489	08618	10076	11437	13015	14277
00253	01927	03018	04427	06244	07494	08632	10091	11503	13018	14207
00266	02003	03024	04444	06343	07498	08672	10117	11540	13057	14334
00259	02017	03049	04608	06367	07506	06722	10144	11667	13068	14395
00311	02020	03084	04660	06371	07525	08748	10146	11702	13106	14414
00367	02033	03087	04661	06424	07588	08750	10175	11720	13115	14481
00388	02039	03118	04729	06428	07597	08768	10246	11751	13128	14478
00406	02058	03131	04862	06478	07688	08782	10263	11631	13131	14515
00495	02062	03187	04876	06518	07691	06831	10293	11852	13260	14520
00512	02070	03200	04938	06563	07694	06845	10321	11864	13264	14578
00563	02101	03201	04951	06591	07723	08890	10367	11984	13281	14517
00570	02127	03215	04980	06642	07728	08802	10300	12028	13309	14618
00648	02130	03246	05034	06640	07756	08834	10451	12097	13308	14630
00673	02147	03270	05082	06682	07770	08946	10475	12106	13373	14643
00684	02174	03286	05071	06691	07832	08969	10478	12202	13387	14648
00711	02178	03343	06108	06719	07844	08974	10493	12230	13417	14663
00715	02218	03372	06118	06731	07886	08977	10504	12232	13498	14678
00719	02227	03384	05125	06740	07011	09047	10553	12268	13481	14687
00723	02280	03422	05141	06746	07831	09051	10583	12273	13493	14689
00763	02251	03438	06158	06782	07842	09068	10595	12280	13507	14713
00779	02288	03503	05171	06785	07855	09091	10606	12373	13514	14760
00823	02288	03507	05165	06802	07956	09135	10648	12375	13515	14782
00848	02281	08514	06257	06805	07875	09148	10651	12363	13587	14618
00877	02326	03518	06283	05818	08025	09161	10668	12428	13671	14823
00908	02335	03526	06294	06831	08033	09158	10738	12453	13588	14833
00909	02363	03532	06299	06841	08066	09180	10744	12498	13600	14947
00937	02372	03803	05307	06543	08138	09190	10754	12500	13637	14655
00968	02378	03732	05368	06878	09153	09220	10760	12509	13649	14682
01062	02402	03807	05387	06908	08159	09275	10780	12521	13582	14937
01127	02453	03825	05377	06808	08187	09276	10802	12526	13670	14940
01172	02541	03895	05449	07014	08170	09347	10810	12531	13671	14943
01178	02581	03810	05476	07027	08217	09362	10824	12652	13676	14952
01221	02618	03858	05537	07054	08220	09370	10847	12561	13691	14882
01238	02685	03963	05539	07070	08227	09378	10953	12684	13718	14884
01260	02701	03997	05549	07080	08247	09380	10874	12605	13751	
01281	02703	04012	05610	07098	08262	09502	10901	12818	13756	
01309	02743	04027	05673	07101	08296	09610	10902	12850	13778	
01352	02768	04045	05717	07154	08301	09638	10928	12881	13841	
01401	02781	04071	06725	07166	08335	09665	10983	12738	13848	

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From and after October 1, 1971, interest on the Debentures to be so redeemed will cease and interest coupons maturing subsequent to that date will be void.

Georges Lafond, *Treasurer*

DATED AT MONTREAL
THIS 30th DAY OF AUGUST 1971

CARD CLOTHING & BELTING LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER REGISTER of the 7½% Cumulative Preference Stock will be CLOSED from the 7th to the 10th September 1971, both dates inclusive, for the preparation of dividend warrants.

By order of the Board,
R. VARLEY, Secretary.
Hightown Road, Clerkheaton, Yorks.
30th August, 1971.

KINGSLEY & KEITH CHEMICAL GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Share REGISTER will be CLOSED for one day only on September 21st 1971.

By Order of the Board.
R. C. CLARKE, Secretary.
Suffolk House, George Street, Croydon CR9 3DL.
31st August 1971.

Fonds commun de placement "HISPANO FUND"

géré par la "SOCIETE DE GESTION DE L'HISPANO FUND", société anonyme holding de droit luxembourgeois, ayant son siège social à Luxembourg, 47, rue Notre-Dame.

L'assemblée *générale des détenteurs de* parts de copropriété du fonds commun de placement HISPANO FUND qui s'est tenue à Luxembourg le 2 août 1971, suivant acte reçu par-devant Maître Prosper-Robert ELTER, notaire de résidence à Luxembourg, a décidé de modifier le règlement de gestion de HISPANO FUND de la façon suivante.

Première résolution

L'assemblée décide de modifier la dernière phrase de l'article neuf du règlement de gestion du Fonds commun de placement dénommé: "HISPANO FUND" et de lui donner la teneur suivante:

Article neuf—(dernière phrase) Le Fonds ne peut placer plus de 10% de la valeur de ses actifs dans la même entreprise et ne peut détenir en portefeuille un nombre d'actions représentant plus de 10% du capital d'une société.

Deuxième résolution

L'assemblée décide de modifier le deuxième alinéa de l'article seize du règlement de gestion du Fonds commun de placement dénommé: "HISPANO FUND" et de lui donner la teneur suivante:

Article seize—(deuxième alinéa) Les rapports annuels, semi-annuels et trimestriels établis par la société de gestion au sujet des opérations concernant le Fonds et les résultats obtenus, paraîtront dans un délai rapproché après l'expiration de l'année, du semestre et du trimestre et seront mis à la disposition de toute personne intéressée aux sièges sociaux de la *Société de Gestion de l'Hispano Fund* et de la banque dépositaire du Fonds. Ils seront envoyés sans frais à toute personne en ayant fait la demande.

Troisième résolution

L'assemblée décide de remplacer l'article dix-neuf du règlement de gestion du Fonds commun de placement dénommé: "HISPANO FUND" par un article dix-neuf nouveau de la teneur suivante:

Article dix-neuf—La société de gestion peut à tout moment en accord avec la banque dépositaire, apporter au présent règlement de gestion toutes modifications qu'elle jugera utiles dans l'intérêt des porteurs de certificats. Toute modification sera publiée au "Recueil Spécial des Sociétés et Associations du Mémorial du Grand-Duché de Luxembourg" et dans *au moins un journal* de chacun des pays où le Fonds est offert en souscription publique et entrera en vigueur après cette publication. Des exemplaires du texte modifié seront tenus à la disposition des intéressés aux guichets des banques dépositaires.

Quatrième résolution

L'assemblée décide de publier au Recueil Spécial des Sociétés et Associations du Mémorial du Grand-Duché de Luxembourg à la suite du présent procès-verbal, le texte intégral coordonné du *règlement* de gestion du Fonds commun de placement dénommé "HISPANO FUND" géré par la société anonyme holding dénommée, "SOCIETE DE GESTION DE L'HISPANO FUND", constituée par acte de Maître Robert ELTER notaire *de résidence* à Luxembourg, en date du vingt-cinq août mil neuf cent soixante-cinq, publié au Mémorial (Recueil Spécial) No 110 du vingt-cinq septembre mil neuf cent soixante-cinq.

L'assemblée *décide en outre de publier* le règlement de gestion coordonné dans les journaux financiers des pays que la banque dépositaire désignera et dans le cas où la publication du règlement de gestion aurait déjà eu lieu d'y publier les *modifications y apportées par décision de* la présente assemblée.

Des exemplaires du texte modifié sont à la disposition de toute personne intéressée au siège social de la société de gestion de l'Hispano Fund et aux guichets des *établissements suivants*:

BANQUE LAMBERT-LUXEMBOURG S.A.
11, Boulevard Grande-Duchesse Charlotte
Luxembourg

PIERSON, HELDRING & PIERSON
Herengracht 206-214
Amsterdam C

CHARTERHOUSE JAPHET & THOMASSON LTD
Sheldon House
1, Paternoster Row 35 5
London E.C.4

BANK MEES & HOPE
Herengracht, 548
Amsterdam

PEPSICO CAPITAL CORPORATION N.V.

NOTICE OF DETERMINATION OF INTEREST RATE

NOTICE IS HEREBY GIVEN that the interest rate on the Pepsico Capital Corporation N.V. Guaranteed Floating Rate Loan Notes 1980 for the next six-month period is 9% per cent per annum.

The interest rate has been determined in accordance with the terms of the notes, and the Fiscal Agency Agreement dated as of June 15 1970, among Pepsico Capital Corporation N.V., Pepsico Inc., as Guarantor and Marine Midland Bank—New York as Fiscal Agent.

MARINE MIDLAND BANK
—NEW YORK

WILLIAM DENBY & SONS LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer REGISTERS will be CLOSED from 7th September 1971, to 20th September both days inclusive.

By Order of the Board
LAWSON & WALKER, Registrars.
43 Cheapside, Bradford BD1 4JG

CORPORATION LOANS

PETERBOROUGH BONDS

$7\frac{3}{4}\%$ Minimum £1000 5-10 years

City Treasurer (FT), Town Hall, Peterborough, PE1 1HO. Tel 0733 62241, Ext. 101.

GOURMET

GALLIPOLI RESTAURANT off Old Broad Street, E.C.2. Open Lunch, Dinner and Dancing till 3 a.m. Cabaret nightly 10.30 p.m. and 1.15 a.m., Mon. to Thur. £3.00, Fri., Sat. £3.50. Rest. 588 1922.

PERSONAL

REVERSIONARY INTERESTS. Specialists for sale. Monthly Auctions or private treaty. H. E. Foster and Cranfield, 6, Poultry, London, E.C.2. 01-248 1451.

PUBLIC NOTICES

GLASGOW CORPORATION

is issuing today £2m. bills for maturity on 30th November, 1971, at 5¼% d.a. The total of outstanding bills amounts to £10m.

RESTAURANTS

CHEZ SOLANGE, Restaurant Français. Did you know that we do not close before 2 a.m. and open as early as 5.30 p.m.? Lounge Bar with Salvina Messina at the piano. Lunch 12-4. Dinner 5.30-2 a.m. Fully licensed. Air conditioned. 35, Cranbourn St., Leicester Sq. (next Underground). Resv. 01-836 0542 5886.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

£500,000 strip bonding mill

DESIGNED to bond strips of aluminium-tin, pure aluminium and steel in two stages, a £500,000 tandem rolling mill bas recently been commissioned et GKN's Vandervell Products thin-wall bearing factory, Maidenhead, for the bigh speed precision bonding of bi-metallic atrip: speci6cally the production of aluminium-tin bearing strip, initially for the expanding European automobile markets.

Major individual item in the new *line* is the *£160,000* two-high tandem mill developed by GKN and supplied with coiler, decoiler, feed and peeler units, sbears and power drive equipment.

Both mills provide a rolling load of 300 tons through n double worm reduction screw-down, and are capable of continuous production of 600 metres (minimum) strip lengths at variable speeds up to 40 m/mln.

Automatic gauge control has been incorporated on the No. 2 exit mill, which monitors the thickness of the finished bonded strip within the roll bita by transducer activated loading cylinders on the underside of the bottom roll chocks. These control the position of the bottom roll and provide close tolerances for tha strip.

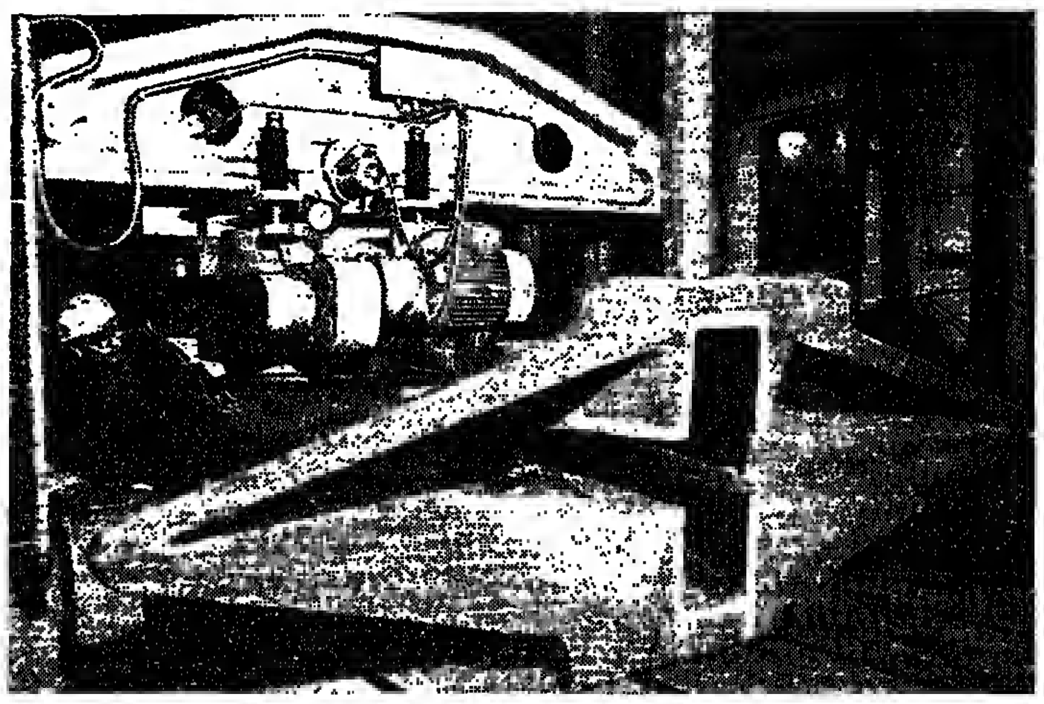
As varistions of thickness occur, servo valves operating in a closed loop hydraulic system receive signals from the roll position and pressure transducers, and automatically programme the flow of oil in or out of the roll loading cylinders, ao that rolling load is immediately adjusted to compensate for any gauge errors.

The first mill ia a conventional two-bigh assembly with a high stiffness relative to the materials being bonded. Individual 120 hp roll drives on the exit mill allow for different percentage reductions taking place between the metals being bonded, reduce roll slip, and improve bonding and finisb.

Rolling temperature can be controlled by electrically hested shrouds covering the top and bottom balves of the upper and lower rolls.

Since the milla were required for continuous operation, 100 per cent. interchangeability has been incorporated between rolls, drives, motors, geerboxes and other major items to eliminate downtime for roll cbanging and maintenance and to minimise on stock spares. For this reason the No. 1 mill rolling load—normally lower than the No. 2 mill—was upgraded to 300 tons lo provide a basically identical unit to the No. 2 mill.

The installation is complated by annesllng furnaces, degreasing units, scrap splitters, air wash and duat extraction equlpment, and welding and pre-beat units for the ateel strip feed.



A 4-ton ship's anchor being straightened on the TOS 400-ton press.

Czech press straightens castings

DISTORTED heavy steel castings, welghing up to 7 tons, are being stralgbtened by a Czechoslovakian-built 400-tons hydraulic press installed at E. Jopling and Sons works, Sunderland.

The company produces up to 120 tons of steel castings a week for the marine and general engineering industries. Some 5 per cent. of all the castings distort.

Previously two methods were used for straightening—stove annealing, which could take up to 12 hours, and for small castings (up to 2½ cwts.) straightening on a 200-tons fixed-head press. Neither method was economic, since both took time, the latter because of lifting and repositioning tha casting on the work table.

The Czech machine cold presses even 7-ton castings tn less than an hour. The work table is 16 feet by 7 feet ond can accommodate several castings at a time. Both longitudinal and cross traverses can be made by the press head, eliminating handling and repositioning of the castings on the table.

Gamma ray, ultrasonic and other non-destructive tests carried out by Jopling have shown that the castings straighteoed by this method pass the usual quality tests.

The TOS CDN 400 press (costing under £15,000) ls marketed in this country by Tha Selson Machine Tool Company, Wood Lane, London, W.12.

● ELECTRONICS

Three-watt module for audio

THE MODULE market bas now been entered by SGS of Walton Street, Aylesbury, Bucks, with a printed circuit bnard audio unit capable of delivering 3W into 16 ohms load at a total harmonic distortion level of about 2 per cent. Power supply required 24 volts dc nominal.

The amplifier has been designed around the company's TAA621 monolithic silicon integrated circuit which contains all the active stages. SGS claima that the careful choice of associated components aod of layout has given the unit considerable flexibility, making it suitable for a wide range of applications at various supply voltages, load impedances and power outputs. Provision bas also been made to alter the negative feedback to vary the frequency response.

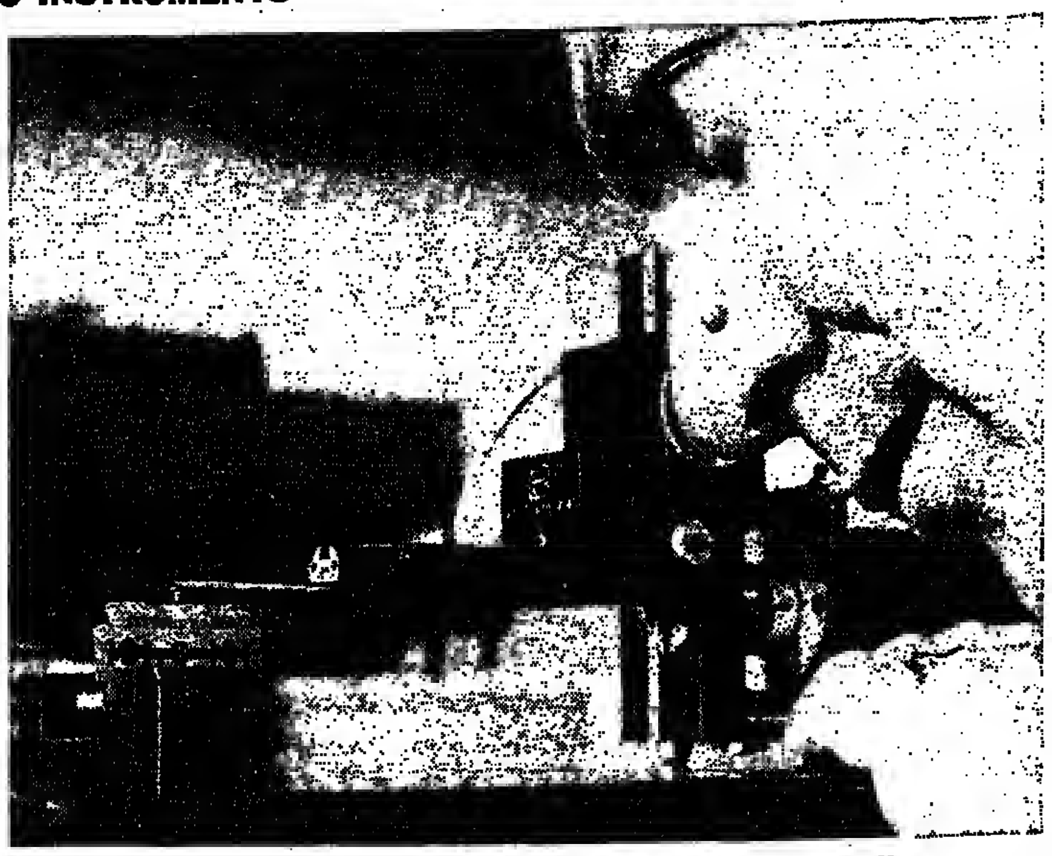
Simplifies transmitter problems

A 3dB QUADRATURE coupler made in stripline for the UHF band ls now being offered hy Motorola Semiconductors of Emplre Way, Wembley, Middlesex. For use in power splitting and adding applications (for push-pull or power build-up systema), it allows the outputs of several devicea to be combined, retains transmission contiouity and isolates mismatches.

The unit eliminates problems of *mismatched transmitter ports* because the application of a reflected signal at either of the output ports of the coupler results in signals at the Input port attenuated by 20dB. Insertion loss is as low as 0.25 to 0.30 dB, affording greater output power than with alternative coupling methods. Transmission capability is maintained should one of a number of combined output transistors fail. This is important in critical applications such as police and emergency radio services.

The devices measure 31.8 x 31.8 x 3.6 mm and are conatructed from fibreglass board; they are sealed with a low losa compound. The small size is achieved by "meandering" the coupled lines. Usable frequency ranges are 225 to 400 MHz and 450 to 512 MHz.

● INSTRUMENTS



Surface texture of the cutting edge of a razor blade can be measured by the Talysurf 10.

Measuring surface texture

SURFACE texture, where the roughness is measured in micrometres, is an important parameter in many industries, ranging from the reflectiveness of linoleum surfaces to the oil retention on steel shaet used for deep drawing car bodies. There is a Britisb Standard (B.S.1134: 1961) and many foreign standards (for example, the German DIN 4768: 1969) as well as ISO standards, wbicb define how roughness shall be measured, and wbat tolerances should be specified.

Instruments used to measure surface texture, while operating at an accuracy usually associated with laboratory conditions, must be capable of being set up and used on the workshop floor. In some ways these instruments resemble the modern record player which uses a stylus to pick up minute surface variations and magnifies them electronically to produce a signal.

The latest lnstrument to provide such precise measuring facilities is the Talysurf 10, developed by Rank Precision Industries, Metrology Division, Lee Circle, Leicester LE1 9JB. It provides both Ra (centre line average) readinga and permanent rectilinear graph records at what is stated to be a competitive price of just over £1,000. The basic instrument comprises a free standing traversa unit, diamond tipped pick-up and combined amplifier/recorder.

The measuring stroke of the traverse unit ls 50 mm. (previous models wera 25 mm.) and manual traverse can be used for setting up. Stops limit the stroke length and a scale indicates the traverse position. To obtain Ra readings at any vertical magnification without readjustment, it is only necessary to align the traverse datum to the work piece at the lowest magnification. The pick-up can be locked to the internal datum and used without a skid. The datum is straight to better than 0.25 micrometres over 50 mm.

Penetration of tha pick-up with skid is 100mm in a 16mm diameter bore and without skid 38mm in a 6mm diameter bore.

A choice of six vertical magnifications is provided from x 1000 to x 50,000, four borizontal magnifications for recording x 2, x 10, x 20 and x 100, and five cut-off values of 0.08, 0.25, 0.80, 2.5 and 8 mm. A long traverae can be made of 12.8 sampling lengths at the 2.5mm cut-off value.

A measuring stroke is lnitiated by a switch on the amplifier/recorder—the remote operation ensures maximum stability when graphing at the high magnifications. When the measuring stroke stops the integrated Ra meter holds its reading. Successive readings can be obtained up to the end of the 50mm stroke. If the last traverse is insufficient to complete the required number of aampling lengths, the instrument switches off and the meter reading is cancelled.

Two new parameter meters are available as plug-in accessories. The first measures the Rtm parameter required by the German standard DIN 4768, August, 1969. Rt is the maximum peak-to-valley in any one sampling length—the oew standard, specifying Rtm, means that measurements should be taken in five consecutiva aampling lengths and the mean peak-to-valley measurement of the five values is the Rtm.

The second accessory provides measurements of a new surfaca texture parameter—the average wavelength, which provides details of the openness or closeness of the texture. This is important because among other engineering factors it can be used for measuring wear, is directly related to oil retention on sheet for deep drawing, aod is a vital factor in contact between bearing surfaces. It may affect the thermal and alectrical conductivity of plugs, sockets, switchea, etc., particularly in miniature reed relays.

TONY FRANCE

COMMUNICATIONS

Crossbar PABX up to 9,000 lines

THE private communications division of STC st Foots Cray, Sldcup, Kent, has now introduced the Pentomat 1000 crossbar private automatic branch exchange. Aimed at the higher capacity end of the PABX market, it can in its largest format provide for 9,000 extensions. Earlier this year the ITT company introduced the Pentomat 200, intended for smaller applications of up to 200 extensions.

The new exchanges are available in two forms—the regular series, 1000R, and the custom built specially engineered '1000' models.

The 1000R has been devised to provide facilities known to be needed by most users. Thesa include "hold for inquiry," "automatic transfer," "operator recall," "night service" and "broker's call" (enabling one to switch between an inquiry call and an outside call at will).

Standard facilities for the operator include "ring when free," enabling her to park an incoming exchange call on to a busy extension until it ls free, whereupon it will ba rung automatically, and "trunk offering" enabling her to directly interrupt an engaged extension to offer an incoming trunk call. Optional facilities for the user include the ability to use push button instruments for internal calls and for keying external calls, distinctive ringing to enable one to differentiate between internal and external calls, inter-PBX working and the tandem connection of inter-PBX circuits. Short code dialling can also be made available.

The bigger Pentomat 1000 can offer a large number of additional facilities including paging, number translation, push button privileged extensions, long line extensions, centralised dictation and many others.

The exchanges offer all the now well-known advantages of cross-bar switching including faster connection, lower switching noise, simpler maintenance and smaller occupied floorspace.

At Foots Cray modern factory pre-wiring techniques have resulted in minimum on-site installation time since all the cabling is literally "plugged-in" in situ. Hence an exchange can be put into service relatively quickly.

Powerful X-ray tube

INTENDED for use in conjunction with X-ray diffraction cameras, the GX13 X-ray tube just announced by the neutron division of Elliott Antomatinn Radar Systems has a specific intensity of up to 22kW per square millimetre. The company claims that is will dramatically reduce exposure times and will be a useful aid to scientists investigating the molecular structure of made materials and organic substances.

The tube is a rotating anode type with anode focus of 1.0 x 0.1 mm viewed at six degrees take off angle. It has provision for four point-focus windows and has two separate cathodes, which make it possible to carry out independent experiments simultaneously.

The power rating is 3.5 kW, anode diameter 18 inches and speed of rotation 3,000 rpm.

The GX13 has already been ordered for laboratories in Germany, Denmark and Britain and tha first nnits are being installed this month.

Cameras for closed circuit TV

FRENCH closed circuit television cameras for a variety of specialised uses are shortly to be marketed by Bell and Howell A-V. as exclusive U.K. distributors

Manufactured in France by Thomson-CSF Audiovisuel, the range of nine units includes colour and monochrome cameras for normal classroom, shopfloor and hospital applications, for example, as well as special monochrome units for dangerous environments and confined spaces.

Two of the monochrome units are designed for special applications, and both of the colour cameras, one of which is a miniature for use in operating theatres, are fitted with exterior encoding for PAL, SECAM and NTSC.

Designed to withstand high temperatures and radiation levels, the two special monochrome cameras are suitable for observing the insides of furnaces and nuclear reactors.

Built-in lighting and interchangeable lens beads for wide-angle viewing or a rotating view at 90 degrees to the camera axis are among the features of the cameras. The company's address is Alperton House, Bridgewater Road, Wembley, Middlesex.

● HANDLING

Storage of chemicals and resins

ROTATIONALLY moulded, a 1,705 litre (375 gallon) polyethylene tank produced by the Streetly Manufacturing Company, *Streetly Works, Sutton Coldfield,* Warwickshire, is stated to ba suitable for the storage and transport of most chemicals and resins.

The tank is seamless and the outlet spigot, it is stated, ensures virtually complete drainage and the tank is therefore easily cleaned.

It is 2,133 mm. (7 feet) long, 1,067 mm. (3 feet 6 inches) in diameter and has e 470 mm. (1 foot 6½ inches) inside diameter manhole. Weight is about 57.5 kg. (142 lbs) without attachments.

The outlet can be fitted with a 2-inch diaphragm valve, flange or flexible-hose mounted.

● RESEARCH

University solves problem

FACED with problema in light engineering and medical engineering 24 large, medium and small companies have found the answers by placing contracts with the Design Unit of the Department of Mechanical Engineering at Newcastle-upon-Tyne University. In tha ten months since it was established the Unit has obtained £12,000 worth of contract work and ia now negotiating another five which will more than double this total.

The contracts cover a ranga of projects from the design of transmissions for rosd-making mechines, a turbine test rig, beat exchangers, generator blades, fans, and medical instruments to the testing of designs and components.

The Unit is lead by Mr. Peter Harborow, and was aet up with a grant of £21,600 from the University Grants Committee, which bas recently given another £10,000.

"The latter sum," says Mr. Harborow, "covers roughly 50 per cent. of the running costs of the Unit and the remaining 50 per cent. are covered by income from our work. The interest which industry has shown in tha Unit and the return of satisfied clients for further assistance reflact the industry's need for tha expertise offered by the Unit.

"More requests are being received to investigate the malfunction of parts of machines and appliances and to deaign cures for the trouble," says Mr. Harborow. "For lnstance, we were asked to examine bearing failure in grinding machines for optical lenses. Study showed that the machines had been wrongly designed and we redesigned t[he] whole system which now wor[ks] perfectly."

A side-line concerns disput[es] over designs and failure of equ[ip]ment with a view to possi[ble] litigation. In a number of cas[es] the Unit has been called in [as] expert witness and in every ca[se] its opinion was accepted and t[he] cases were settled out of cou[rt].

The Unit has a particul[ar] interest in the specialised field [of] medical engineering, where M[r.] Harborow's previous experien[ce] as Deputy Director of the B[...] Engineering Centre at the Pr[in]cess Margaret Roae Orthopaed[ic] Hospital, Edinburgh, is of val[ue].

Recently the Unit deaigned [an] *instrument* for measuring t[he] mechanical properties (frictio[n,] hardness, roughness and elas[ti]city) of skin. The hand-he[ld] device is equipped with a sma[ll] ring which, when pasaed ov[er] the skin, causes the dagree [of] friction encountered to be reg[is]tared on a small disc in the b[utt] of the gun. Since the frictio[n] varies in different stages of sk[in] diseases it is hoped that t[he] instrument will prove a use[ful] aid in following the course of [a] disease and may have so[me] diagnostic relevance.

Although the instrument [was] developed for medical purpo[ses] it is believed it could be used [in] industry for *assessing* the me[ch]anical properties of vario[us] materials.

The Unit is in a strong po[si]tion to carry out its activiti[es] since it has at its disposal n[ot] only the expert knowledge of t[he] University's 600 scientists a[nd] technologists, but also wo[rk]shops, laboratories, comput[er] installations and libraries in t[he] University.

● METRICATION

Explaining metric threads

UNDERSTANDING the tolerancing concepts for metric screw threads has pro[ved] difficult for a wide range [of] users, and a constant demand [for] explanation and clarification [is] received by the British Standa[rds] Institution from universit[ies,] technical colleges, appren[tice] schools, and engineering des[ign] offices.

One of the main differences [be]tween the ISO metric thr[ead] system and tha traditio[nal] British systems is that, altho[ugh] the root radius is not include[d in] the basic profile, limiting r[adii] are specified in the derived m[axi]mum and minimum mate[rial] forms of the BS thread.

There is only one basic ma[jor] diameter and one basic pi[tch] (effective) diameter to wh[ich] deviations can be applied [for] obtaining limiting sizes [for] special purposes. This is a res[ult] of a change in basic theory [of] thread forms.

This thaory is expounded [in] logical progression in a vis[ual] aid explaining the ISO me[tric] screw thread concept. T[he] sound-synchronised slide [pro]gramme bas been produced [by] BSI in collaboration with ICE[...] Parkshot, Richmond, Sur[rey,] from whom it is available.

● DATA RETRIEVA[L]

Versatile microfilm printer

MICROFILM has often seem[ed] difficult to many uaers for t[wo] basic reasons: the lack of sim[ple] and inexpensive meana of co[py]ing back to full sized copies, a[nd] the fact that equipment w[ill] usually only accept one or t[wo] typea of film.

Designed for use in all 35m[m] aperture card systems but a[lso] capable of taking microfic[he,] jackets, 16mm. and 35mm. r[oll] film, the A2 microfilm print[er] from Caps Micrnfilm of 7 We[st]moreland Road, London, NW[...] combines the quality a[nd] economy of electrostatic printi[ng] with simple, flexible and in[ex]pensive hardware. The A[2,] which allows the operator to s[ee] the projected imaga on the b[ase] of the machine as soon as t[he] film is introduced, will produ[ce] a daily print-out requirement f[or] tens or hundreds of copiea [in] varying sizes. With its univers[al] input and steplessly adjustab[le] magnification from 7.4x up [to] 18x, this printer is ideal for [...] systems whera a combination [of] microfilm may be found.

An added advantage of t[he] machine, which operates in da[y]light, is that it will make po[si]tive prints from negative or po[si]tive microfilm. Print size [is] variable from A5 to A2 (approx[i]mately 6 in. x 8 in. up to 17 i[n.] by 23 in.).

The print speed of the machi[ne] is two to three prints per minu[te] and it uses liquid toner d[e]veloper. The unit measures [...] x 100 x 60 cm. and weighs 80 k[g].

Building and Civil Engineering

£12m. Devonport dry docks scheme

PLANS for a £12m. frigate complex at Devonport Dockyard are being discussed by the Department of the Environment with the Plymouth City Council.

The project, calling for three covered dry docks, forms part of the Dockyard's first major facelift since the last century. Long-term plans are in hand for major building and civil engineering developments worth over £40m.

These improvements will equip Devonport to refit and refuel nuclear submarines and will make it the leading yard for the "typed" refitting of the Leander class frigate, and ultimately for its replacements. Typed refitting facilities aim to achieve a quicker turn-round of ships, combined with greater industrial efficiency, by centralising expertise and facilities.

The frigate refit complex involves modifying three adjacent docks in No. 2 Basin. These docks are not of sufficient size and depth to accommodate the Leander frigates, and will have to be extended and made deeper. In addition, modern cranes, workshops, stores and offices are to be provided.

A feature will be the roofing-in of the docks, which is expected to contribute "significantly" to quicker refitting by enabling work to continue throughout the year, unaffected by bad weather.

As the dockyard workers will have improved working conditions, besides higher levels of productivity, a consequence of the improved environment should be higher standards of workmanship.

The buildings have been designed as a solid podium, formed by the support buildings and base structure of the cover which will consist of three equal spans of 180 ft. each, and is approximately 480 ft. long. The cover provides a vertical clearance of 130 ft. from ground level, allowing frigates to enter with their masts in position.

Another feature of the complex is the 85 ft. wide ship doors and their posts. Each door consists of four vertically lifting leaves and each leaf is in separate guides. The doors are operated by a system of chains and counterweights. Some idea of the size of this undertaking can be gained by considering that the covers extend over an area equivalent to the size of a First Division football ground and the ship doors are as high as a modern 13-storey office block.

The main building and supporting structure for the covers will be reinforced concrete framed with precast concrete cladding, while the roof will be of structural steelwork with protected steel sheet cladding with glazing.

Design and construction of the project is being carried out for the Ministry of Defence by the Department of the Environment under the control of the Director of Defence Services. Sir Alexander Gibb and Partners, consulting engineers, have been commissioned to design the cover and support buildings.

Motel for travellers on the M1

AT THE Scratchwood service area at the southern end of the M1 motorway at Hendon a 100-bedroom motel is to be built for Trust Houses Forte Group by Marples Ridgway.

A start has just been made on the £230,000 two-storey motel and completion is scheduled to take about 40 weeks. This is the fifth contract the company has carried out on this site; previous jobs include the original service area, car park, restaurant and the police post and extension.

Houses, store and factory to be upgraded by Laing

THREE Scottish contracts have been won by John Laing Construction for work ranging from house modernisation to factory building.

Largest of these, worth £200,000, concerns modernising 100 houses at Robert Burns Avenue, for the Clydebank Burgh Council. Central heating and hot water services are to be installed as well as new bathrooms and enlarged kitchens. Electrical wiring will be renewed and necessary repairs will be carried out.

Laing renovated four of the two-storey houses, known locally as the Munitions Houses, under a pilot scheme. The company is now finishing another house renovation scheme, involving 156 homes in the Whitecrook housing scheme, for the same council.

At Greenock, 14 factory units are to be formed from a large industrial complex. Work on the £100,000 contract for the first eight units for Guardian Properties (Industrial Estates) has just started.

The units will be formed within the present single-storey premises, and work comprises repairs and renovations, construction of walls, doors and fire escape routes, and provision of main services.

Under the third contract, Laing is to instal eight passenger escalators in the seven-storey Patrick Thomson drapery store in North Bridge, Edinburgh. Preparations for the installation have been started.

Three Midland schemes

SHELDON Contracting Company has received three orders totalling £750,000 for projects in the Midlands.

For the City of Leicester about 35,000 square metres of carriageway and footpaths are to be laid with associated sewers as part of the Granby Halls gyratory scheme under a £452,400 contract. Situated in the centre of Leicester, the scheme is intended to reduce traffic congestion by changing the flow from two way to one-way.

Construction of about 2,500 metres of 8-metre wide carriageway is to be laid at Billing, a suburb of Northampton, under an award from the Northampton Development Corporation. The scheme is linked to a large housing project.

Four 75 ft diameter humus tanks are to be built as part of the reconstruction of the Canwick Sewage Treatment Works, near Lincoln, for the City of Lincoln. Work involves excavations up to 20 ft in depth entailing the removal of something like 5,000 cubic metres of material.

Bidston by-pass begins

A ROAD to be constructed by Costain Civil Engineering near Birkenhead, Cheshire, will carry traffic between Birkenhead and the Hoylake Road, by-passing the village of Bidston.

The by-pass will also provide access to the grade separated junction at Bidston Moss, part of the Second Mersey Tunnel project with connections to the new tunnel approach road and the Mid-Wirral M53 motorway now under construction.

Awarded by the County Borough of Birkenhead in collaboration with the County Borough of Wallasey, the £1.3m. contract was designed by Mott Hay and Anderson.

Almost a mile long, the by-pass and link road will cross railway lines at two points. The job includes two railway overbridges—one to be of precast concrete beam and the other of box girder construction—as well as a ground-level roundabout.

Earthworks include the removal of a large amount of peaty material and its replacement by imported sandstone.

Newspaper offices at Redhill

JAMES Longley and Co. has negotiated a £180,000 contract with East Surrey Newspapers for the construction of a 20,000 square feet office building and works at Redhill, Surrey.

This is the second contract negotiated with the newspaper company this year, and calls for a five-storey structure to be erected with a precast concrete frame involving only two basic components.

These are double "T" section floor units and "H" frame wall cladding units. Designed by Jan Bobrowski and Partners, consulting engineers, the building will be based on piled foundations using driven cast in situ piles with permanent steel casings so as to achieve a load bearing capacity of over 40 tons each.

Concrete units will be erected using a 55-ton mobile crane with a lifting capacity of about 11 tons at 40 feet radius.

Architects for the project, which will take about 40 weeks to finish, are J. H. Alleyn and Associates, of Reigate.

Conder to supply more steelwork

FURTHER steelwork contracts totalling £520,000 have been received by Conder (Southern) involving steel superstructures for shipyards in Devon and Hampshire.

One is for a 48,000 square feet extension to the Appledore Shipbuilders dock in Devon where Conder last year provided the superstructure for the 75,000 square feet covered dock. Involving 480 tons of steelwork, this project is intended to increase the prefabrication capacity of the yard.

Steel erection for this extension, which includes two mezzanine floors, begins in October with completion planned for early next year.

For Vosper Thornycroft, at Woolston, Southampton, a 62,000 square feet building being constructed over existing slipways, involves 1,100 tons of steelwork and is of tied mansard portal frame design.

To incorporate two 40-ton cranes and two 10-ton cranes, the building will be clad in protected steel sheeting lined with plastic-lined plasterboard with fibre glass infill.

Main contractor for both projects is George Wimpey and Co.

Components guides

LATEST editions to the Architects' and Specifiers' Guide Series of reference books on building industry components are Ceilings and Partitions 1971 and Contract Carpeting 1971.

The first part of each book comprises guidance notes on theory, practice and design, while the second part contains details of companies, services, recent contracts and technical analyses of numerous proprietary products.

Roofing is the subject of the next book in the Series, to be published in October, and subsequent subjects include flooring, windows, doors and external walls.

The publishers are A4 Publications, of Press House, P.O. Box 7, Church Road, Woldingham, Surrey.

Welsh road ahead of schedule

CARDIFF'S 6-mile long Eastern Avenue inner by-pass is nearing completion and is expected to be opened to traffic in November, six months ahead of schedule.

Being constructed by Gleeson Civil Engineering under a £3.4m. contract, the dual carriageway forms part of the London-Fishguard trunk road scheme. The opening in 1966 of the Severn Bridge and the M4 motorway by-passing Newport provided a modern highway to the eastern approach of Cardiff.

This new road extends this and will form a link in the general network until the M4 is built around the northern boundary of the City. Also included in the contract are six over-bridges, two 2-level interchanges with roundabouts over Eastern Avenue, a surface roundabout, four under-bridges, retaining walls, three subways and two large diameter culverts.

In erecting the bridges some standardisation was achieved by using preflex steel beams over 80 feet long for five of the over-bridges and two under-bridges.

£1m. office work to Gleeson

CONTRACTS worth over £1m. for the erection of two buildings—one in Leicester, the other in Rochdale, Lancs.—have been awarded to Gleeson (Sheffield).

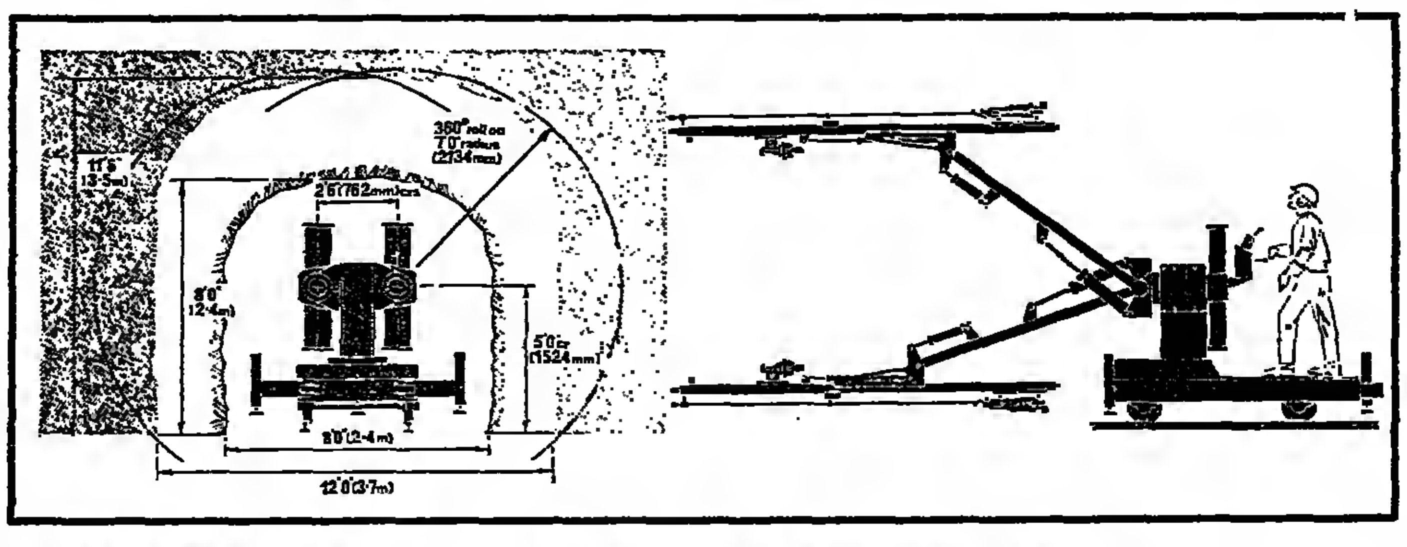
Phase II of the James Went building, City of Leicester Polytechnic, valued at £537,326, comprises a 10-storey block with a podium at ground and first floor levels with two towers at second to ninth floor levels. The block will have piled foundations, a structural steel frame, precast concrete floors, stair flights and external cladding panels and asphalt-covered flat roofs. Work starts on September 1 and is due to be completed in 22 months.

At Rochdale, Gleeson has won a £500,000 contract from the Department of the Environment for construction of a new Crown building as part of the Civic Centre development. The work includes site levelling and excavations for foundations, drains and services and external surface ground works.

Of six storeys, with two plant rooms at roof level, the building's gross floor area will be 7,050 square metres. It will have reinforced concrete bases, the same material being used for ground floor slabs, stairs and a pedestrian access ramp from ground to second floor. A large area of the ground floor will be open for car parking.

External walls will be generally precast concrete panels, while the roof will be covered in asphalt laid on a lightweight insulation screed.

Work starts shortly, with completion planned for December, 1972.



This diagram indicates the scope and size of coverage claimed for Compair's rail-mounted Autopanto twin drill boom.

Automatic drilling of hard rock in tunnels

PLANS for the marketing of a hydraulic drill boom for mining and tunnelling have been completed by Holman Brothers, Construction and Mining Division of International Compressed Air Corporation (Compair). It is claimed to be one of the simplest and most mechanised drill booms with automatic parallel hole alignment available.

The company says the main role of the equipment is to provide a mounting for light drifters (mechanically operated cradles which carry the drilling steels) and to enable parallel holes to be drilled in the type of heading met in mine development and civil engineering projects where hard rock is encountered. It will operate in headings ranging from 7 feet by 7 feet to about 12 feet by 10 feet.

Lift, dump, crowd and roll-over movements of the boom are all hydraulically controlled. By combined rotation and elevation the unit can cover a 14 feet diameter section immediately ahead of the boom when in the horizontal position.

Holes are kept parallel by an automatic dump control with an over-ride system to allow inclined holes to be drilled inwards or outwards from the tunnel axis when necessary. Re-alignment from the over-ride position to the original parallel setting is automatic. Pneumatic and hydraulic controls are grouped on a mounting bracket which can be placed within easy reach of the operator.

The basic equipment includes a single boom, chain feed cradle, pneumatic power pack, control bank and hosing which can all be mounted on a chassis to suit the requirements of a specific job. Three drill carriages are available for use with standard integral steels with effective lengths of 10 ft 6 in, 13 ft 1 in and 15ft 9 in.

The company says it is envisaged that kits to be marketed under the name Autopanto will normally be combined to form two or three boom "jumbos" and a range of hydraulic power packs will be available, each suitable for a given combination of booms.

It is stated that comparative tests in Cornish granite with air-leg mounted rock drills and the Autopanto twin boom unit using Holman Silver 95 drifters, showed that a one-third reduction in drilling time and a 50 per cent. increase in the length of round could be achieved by the Autopanto.

A number of standard rigs in addition to the basic kit are to be offered. These will include twin- and triple-boom units for mounting on rail, rubber-tyred or tracked vehicles.

A prototype of this drill boom was first shown at the Mining and Metallurgical Exhibition in London over two years ago and the company now reckons that subsequent further development and testing has made it very competitive in price and performance. Compair has its headquarters at The Grove, Slough, Bucks.

Housing for Navy at Plymouth

ORDERS recently gained by George Wimpey and Co include a £1m. housing project for naval ratings married quarters at St. Budeaux, Plymouth, and a civil engineering job for Imperial Chemical Industries' Dyestuff Division at Grangemouth, Stirlingshire.

Awarded by the Department of the Environment, the houses for the Navy will be built using the No-Fines method.

Scheduled to be started by the end of the year, the project calls for 208 2-bedroom houses and 25 3-bedroom houses to be arranged in 54 2-storey blocks. The steeply sloping site, which is alongside another Wimpey-built estate of maisonnettes, is on a headland.

Civil engineering work for the chemical fungicide plant, which ICI will use to produce pyrimidines, will be carried out under a £145,000 contract involving the construction of a steel-framed building.

Mitchell wins water works job

TEES Valley and Cleveland Water Board has awarded Mitchell Construction Company a £1m. order for extensions to a water treatment works on the River Tees. These extensions will enable the plant to deal initially with an extra 20m. gallons of water a day.

The site is the existing Broken Scar Water Treatment Works near Darlington, Co. Durham and the extended plant will be capable of dealing with water released 30 miles upstream from the newly-opened Cow Green Reservoir—also constructed by Mitchell.

Modifications to the low-lift pumping station will enable more water to be taken from the river. Three reinforced concrete sedimentation tanks are to be installed as well as a contact tank and filter block. A chemical store is also included in the 91-week project.

Covered shopping centre

BRISTOL Corporation has approved plans for an out-of-town roofed-over shopping centre submitted by Whicheloe Macfarlane and Partners.

The £1m. complex will include offices, shops, flats, a health centre, public library and car parks, planned as a unified neighbourhood centre with complete segregation between pedestrians and vehicles.

All shops, flats and public buildings are planned at upper levels with storage areas at service level where unloading of merchandise will be by means of tailboard height loading bays. With a frontage on to Oatlands Avenue, near the old Whitchurch Airport, part of the site will be left as open space.

The shops have been designed on a standard planning grid and the developer, C. H. Pearse and Sons (Contractors), will be responsible for all shop fronts, in order to achieve standardisation.

A covered balcony will provide access to the 11 single and 16 two-bedroom flats to be built above the shops. Garages for the residents are to be provided as well as 270 spaces in public car parks. Office space will be created depending on demand.

The structure of the service area and shopping level floor slab will be in reinforced concrete, while the shops above will be steel framed. The covered piazza will be fitted with ventilated roof lights.

Hotel and sewage work for Bovis

TWO divisions of the Bovis group have won contracts, together valued at £3m., for sewage treatment works and an hotel.

The Farr division has been awarded a £2.3m. sewage works order by the Milton Keynes Development Corporation. Various sedimentation, aeration, balancing and sludge tanks and sand filters are included in the job, for which the consulting engineers are J. D. and D. M. Watson.

Most of the structures will be in reinforced concrete, but one feature of the scheme will be an earth embankment to protect the works from flood. Substantial landscaping will be carried out to shield the works from surrounding developments.

In the centre of Bradford, Gilbert Ash division is to erect a 7-storey hotel for Arnot Muller Developments. The Norfolk Gardens Hotel, as it will be called, will have 125 bedrooms and should be ready by November 1972.

The ground floor of the 86,300 sq. ft. building will include reception areas, bars, restaurant, steak-bar, entertainment room and conference room, while on the top floor there will be a dining room and sauna.

Designed by Walker and Collinson, the hotel will be of load-bearing brick wall construction with precast concrete floors.

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Controlling the inflow

THE restrictions on the inward movement of funds announced by the Treasury on Friday evening are, the authorities insist, primarily a precautionary move. It is a remarkable one for all that, at least by British standards. Other countries, Germany and Switzerland for example, have repeatedly found themselves in situations where they have had to try to stem speculative inflows by imposing controls. But all the controls which the British authorities have administered in the post-war years were designed to contain an outflow of money, that is speculation on a downward movement of the sterling exchange rate.

Choices

The irony in the present situation is that we are now landed with controls on both the inward and outward movement of funds. Foreigners are deterred from bringing money into the U.K. while residents remain subject to all sorts of restrictions when trying to obtain foreign exchange for a wide variety of purposes. Though the latest move must have gone against the grain for the Bank of England, the choices facing the U.K. at this stage were not especially inviting.

The basic consideration guiding the Government's thinking is that while some adjustment in the sterling-dollar rate is probable in the context of a wider realignment, there is no case for an overall appreciation of sterling at this stage. Quite apart from the fact that this would have a deflationary impact on domestic activity—by making British exports less competitive and imports into the U.K. cheaper—there is the prospect of a deterioration of the present strong balance of payments position as the reflationary measures start to bite. And some margin must be kept in hand against entry into the EEC.

The situation at the moment though is that the movement of funds is not guided by such longer term economic factors but by the search for short-term appreciation. The further uncertainty created by the "float" of the yen—though it looks after the first two days as though the Japanese intend to keep a firm grip on the rate—persuaded the Treasury that it had to take preventive measures to choke off any possible rush into sterling. Holding the pound rate by purchasing dollars entailed a possible exchange risk and at the same time would have made it more difficult to control the internal money supply.

An alternative would have been to bring down interest rates. But internationally there has been some hardening of rates recently, though the picture is still a patchy one. And on purely domestic grounds, the feeling evidently was that to allow rates to be forced down by international pressures at a time when it was by no means clear whether such a movement would be sustainable given the size of the fiscal stimulus already applied would be inadvisable. The interest rate weapon is being kept in reserve for the time being.

Little switching

There remain the questions whether the restrictions will interfere with the smooth working of the international financial operations centred in London and whether they will prove effective. The authorities claim that there has not been much switching of foreign funds into sterling recently and that there should thus be no major change in the position. If it should prove that there are leakages—a Kuwait gap in reverse—and funds come in via some sterling areas country, further steps will no doubt be taken. In general, the latest moves serve as yet another reminder of the extent to which not merely the smooth flow of trade but also the free movement of funds around the world are being threatened by the current crisis.

Power politics in Greece

HOPES that last week's radical reshuffle of the Greek Government would lead to a liberalisation of the regime, however limited, have been disappointed. In a speech at the week-end, Mr. George Papadopoulos, the Greek Prime Minister, made it crystal clear that he had no intention of allowing a return to parliamentary democracy for at least a year: indeed not until "the foundations for a healthy democracy have been laid," to quote his speech in Salonica. What these foundations might be has been left deliberately vague and it will clearly be up to Mr. Papadopoulos himself to decide when the Greek people have reached the necessary degree of political maturity to elect their Government and to choose their political system.

Consolidated position

Meanwhile, there can be no doubt whatsoever that the Prime Minister has managed both to consolidate his own position at the head of the Government and to clip the wings of his closest associates in the 1967 military coup. While Mr. Papadopoulos retains control of the key Ministries of National Defence and Foreign Affairs, the other two members of the Colonels' triumvirate have had to accept a restriction of their responsibilities. Mr. Pattakos, the No. 2 in the Government, has, it is true, held on to his title of First Deputy Prime Minister, but he has lost the Ministry of the Interior. He probably owes this reprieve to his popularity among the peasantry, which still makes up the bulk of the Greek population. Mr. Pattakos's folksy ways have made an undoubted impact in the villages, which he has made a habit of visiting frequently, and his services can therefore not be dispensed with easily.

The third member of the hierarchy, Mr. Makarezos, has been less fortunate. Effective control of the country's economic policy, which used to be in his hands, has passed to two newcomers at the head of the newly-created Ministries of the National Economy and Merchant Marine, while Mr. Makarezos has been fobbed off with the largely empty title of Second Deputy Premier. At the same time, the reorganisation of the country's administrative framework, has allowed Mr. Papadopoulos to appoint a number of his other military colleagues as provincial Governors, thus removing them from the real centre of power in Athens.

The shake-up in the Government, however, cannot be interpreted entirely in terms of the Prime Minister's desire for self-aggrandisement and personal power. Mr. Papadopoulos may be just another dictator in the eyes of the Western world and has certainly never given the least evidence of any attachment to democratic ideals. But compared with some of his colleagues in the Greek Government, his views are said to be relatively moderate. The fact that he has demoted some of the hard-liners in the Government could therefore be of significance in the longer run. For a mixture of reasons—an exaggerated sense of personal prestige and national pride—Mr. Papadopoulos has refused to take any immediate steps to liberalise the regime under the pressure of the U.S. House of Representatives' recommendation to suspend American military aid to Greece. Having made his point of principle, however, he may ultimately prove to be less of an extremist than he was when the other Colonels were breathing down his neck.

International hostility

The Greek Prime Minister's pledge that some form of parliamentary democracy will be restored eventually has never been taken very seriously abroad and he has not made it any the more credible by describing other countries' democratic systems as "domestic anarchy" in his week-end speech. He could, however, do something to lessen international hostility to his régime by a number of other measures which are long overdue. These include the lifting of martial law, an amnesty for remaining political prisoners and greater freedom for the opposition and the Press. Unless Mr. Papadopoulos makes a move in this direction very soon, Greece's isolation from the Western world can only become greater.

The Japanese economy after the float

The floating of the yen will disrupt Tokyo business life, and may prolong what by Japanes standards is a recession. But how far does it go towards resolving the U.S.-Japanese conflict

Charles Smith, Far East Correspondent, reports.

JAPAN'S decision to allow the yen to float—albeit subject to some "management" by the Bank of Japan—is by far the most important sequel so far to the package of economic measures introduced by President Nixon a fortnight ago. The yen was the most seriously undervalued of the major currencies against which President Nixon set his sights as well as the most strenuously and efficiently defended.

The crumbling of Tokyo's monetary defences during the past few days means that things will never be quite the same again in Japan or in the world at large, where a major obstacle to the evolution of a more flexible international monetary system has been removed. Yet, paradoxically, it was not as a direct result of international pressures that Japan finally decided to abandon its old fixed parity at the end of last week. The much-vaunted Japanese exchange controls were never seriously breached by foreign speculative funds, and Japan remained outwardly unmoved to the last by political pressures for revaluation from the U.S. and elsewhere. Instead, the yen succumbed to pressures from inside the country.

Leaders of the attack

The leaders of the attack were the 13 major foreign exchange banks who are responsible for financing the bulk of Japan's dollar-denominated foreign trade; and the weapon used by the banks was one which the Bank of Japan found virtually irresistible. It was the threat that Japan's own foreign trade, which is conducted within the framework of the exchange controls, might be paralysed by uncertainties about the future of the yen.

Fears of yen revaluation were already beginning to constrict the normal dealings of foreign exchange banks and trading companies early in the summer, when the banks found that they could no longer balance their purchases of dollar export bills by forward purchases of yen. They were unable to do so for the simple reason that the yen was getting too expensive and the dollar too cheap on the forward market.

The banks tried to step up their overseas dollar borrowings with the idea of acquiring dollar liabilities to balance the dollar assets represented by export bills. But this borrowing was subjected to an unofficial but *strictly administered ceiling* by the Bank of Japan and the banks' position accordingly grew still more unbalanced.

By the middle of last week it was becoming apparent that the foreign exchange banks simply could not continue to bridge the yawning gap between the yen's artificially depressed official rate and its more realistic value on the forward market. Their threat to stop buying export bills from trading companies forced the Bank of Japan to slacken its controls so that, on Wednesday and Thursday, no less than $1,800m. poured into the Bank's coffers to take Japan's official foreign exchange reserves well past those of the United States. The abandonment of the official rate followed as a matter of course—even though no-one had foreseen it two days earlier.

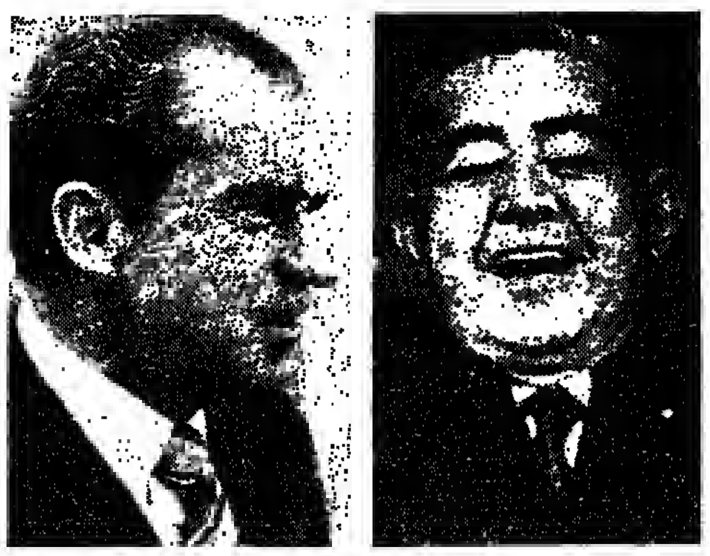
A few took precautions

With the yen floating at 5 per cent. *above* its old parity and likely to rise to 8 per cent. or more, the next few weeks in Tokyo are likely to be among the most confused in recent history. Japan's businessmen were not expecting a revaluation in 1971 (although a poll conducted recently by the Japan Economic Journal showed that a majority expected some change before the end of 1972). Only a few industries have taken precautions against the introduction of a higher rate by re-writing their export contracts in yen (or, in the case of the motor industry, by raising their dollar prices in overseas markets).

Even the shipbuilding industry, which did anticipate trouble (by insisting, about a year ago, that all overseas customers should henceforth pay for their ships in yen), is likely to find itself in very serious difficulties. Several billion dollars worth of outstanding ship contracts date from before the switch to yen contracts. The industry has gone so far on some occasions as to hint that it may sue the Government for the hundreds of millions of dollars which it will be losing when these sums are paid off and converted into revalued yen.

Other exporters, such as the heavy machinery manufacturers, who have not felt strong enough in their foreign markets to insist on yen payments, will lose even more heavily. And although there will be gainers from the higher exchange rate there is *likely to be considerable argument* about the distribution of their winnings.

Japan's steel industry, which is the third largest in the world and dependent almost entirely on imported coal and iron ore, stands in theory to make huge profits from the new exchange rate since its imports are covered by long-term dollar contracts which allow only limited price fluctuations. But the big trading companies which handle steel exports as well as many of the heavy and light industrial products made from steel will be pressing the industry to pass on a share of its import savings so as to offset their inevitable losses on exports.



President Nixon and Prime Minister Sato: The floating of the yen has reduced the risk of an immediate economic rupture between Japan and the U.S.

Japan's trade and reserves

		Total exports $m.	Total imports $m.	Gold and foreign exchange reserves $m.
1970	June	1,640	1,640	3,769
	July	1,717	1,646	3,508
	Aug.	1,399	1,554	3,527
	Sept.	1,738	1,629	3,556
	Oct.	1,779	1,714	3,778
	Nov.	1,563	1,552	3,987
	Dec.	2,168	1,696	4,399
1971	Jan.	1,258	1,579	4,532
	Feb.	1,654	1,568	4,868
	March	2,148	1,720	5,458
	April	1,899	1,655	5,777
	May	1,919	1,651	6,916
	June	2,048	1,695	7,700
	July	n.a.	n.a.	9,000
	Aug.	n.a.	n.a.	11,500

Source: Mitsubishi Bank

While Japan's business leaders are trying to sort out *these problems among themselves*, officials of the Finance Ministry and the Bank of Japan will be keeping an anxious watch on the overall performance of the economy—and particularly on foreign trade. Japan has been passing through a mild domestic recession during the past six months and has relied chiefly on booming exports (running at a rate around 25 per cent. above last year) to keep industry turning over despite lower domestic demand.

It is now probable that at least the growth of exports will fall off fairly sharply and that the recession will be correspondingly prolonged. Even before the decision was taken to float, business observers in Tokyo were talking of January, 1972, as the earliest date at which anything like the old 10-12 per cent. growth rate could be resumed. With the yen floating upwards, the prospects must be for recovery towards the end, rather than the beginning, of next year.

But if Japan is faced with the prospects of pegging along at the 5 per cent. growth rate which its businessmen regard as recessionary there are likely to be few lasting regrets for the old exchange rate of 360 yen to the dollar. The obvious fact that the change had to come some time should be one consolation. Far more important is the fact that Japan might have been forced to float the yen in circumstances which would have been little short of disastrous for its economy.

The reason why Japan did well to move sooner rather than later is that it is about to become involved in a series of international talks on economic issues in which its position would be drastically weakened by the risk of monetary upheaval at home. Japan will of course be a participant at the Group of Ten meeting in September when the world's leading industrial nations will attempt to agree on new international monetary arrangements.

Export of textiles

It will enter the Group of Ten meeting with more international goodwill and a far better claim to a hearing than if it had continued to keep the yen at the old rate in the face of external pressures. The decision to float will be of even greater value in another set of talks which begin this week and which, from Japan's point of view, are still more crucial. These are the bilateral discussions on economic issues between Japan and the U.S.

There is nothing unusual about the fact that the two countries are about to meet at ministerial level to sort out their economic differences. They do so every year and have clashed frequently enough in the past over such matters as Japan's barriers against incoming foreign investment, its import quotas (now rapidly being removed) and even the (in American eyes) inadequate size of the Japanese foreign aid programme. But the agenda for next month's talks in Washington is both longer and more difficult than in previous years—and the talks themselves are far more likely to lead to showdown.

Apart from the old issu the Americans are bitterly d satisfied with the way Jep has evaded American pressu to introduce official controls Its textile exports to the U (Japan has instead offered somewhat vaguely drafted p gramme to be operated by t textile industry itself). Wa ington also feels that Tokyo being unnecessarily slow in t removal of some import quo on items of special interest U.S. exporters. Above all, it furious about the imbalance U.S.-Japanese trade which h developed as a result of 31 per cent. increase in sh ments in one direction, and 1.4 per cent. increase the oth way.

Japan's trade surplus wi the U.S. has been expected pass the $1,700m. mark th year and is certainly t largest element in both the U deficit and Japan's ever balance of payments surpl The question is whether, n that Japan has floated the ye the imbalance is likely shrink appreciably in what r mains of 1971.

The Japanese will certair argue that a dearer y promises an end to t imbalance, and may also try extract a promise to remo President Nixon's 10 per cen "temporary" import surcharg The American reply will that a 5 per cent. upward flo of the kind which has so f occurred in the Tok exchange market is not near enough to even out the d parities in U.S.-Japanese trad still less to justify removal the surcharge.

The bank's intervention

The Bank of Japan, which h been buying dollars on t Tokyo market, may be regard by the Americans as the vill since it is almost certain th without the Bank's interventi the yen would have risen by or 15 per cent.; and a 15 p cent. revaluation is about t minimum which would be lik to satisfy the economic hawks Washington. It is still possi that arguments over this iss could lead to a disastro economic rupture betwe Japan and the U.S. and that t clash between the two co poison the broader negotiati on a new international mo tary system. But the float of the yen has reduced the r —if only by giving both si room for manoeuvre.

MEN AND MATTERS

Deep into the heart of Texas

ONE fortunate firm which is about to export £250,000 worth of goods to America, but does not have to worry about President Nixon's 10 per cent. surcharge on imports into the U.S., is Spinks, the fine art dealers of St. James's, London. The goods are antiques which Mr. David Spink, chairman of what is claimed to be the oldest family business in Britain (founded 1666), is taking to the big antiques fair at Houston, Texas, next month.

This is the first time that Spinks has exhibited in America, and is a trial run in Spinks's attempt to step up the amount of business coming to it from the U.S. Spinks has exhibited before on the Continent—for example, in Paris—and David Spink says that there "it was not so much the profit as the contacts we made." Profit can easily be eaten up by transport and insurance charges, hotel and travel expenses, and the cost of guarding against pilfering—one of the big hazards of antiques shows.

But the real object is to get the name of Spinks better known. It is, according to Spink, less known in America than it is in Europe. What is more, a lot of the glamour in the antiques business has been stolen by the big auction houses, like Sothebys and Christies, and Spinks does no auctioneering. "Some people do mix dealing and auctioneering. But it is not liked in the business," says Spink. "You cannot get rid of the suspicion that you are favouring your own goods."

One of the most remarkable Spinks exhibits at Houston will be a Roman bronze head of Lucius Verus. This is hollow, and was flattened like a pancake, either by an earthquake in ancient times, or just possibly by a modern bulldozer. Either way, it has been painstakingly restored to its original shape by Spinks.

Lukautim gut

Bougainville Mining, registered in Melbourne, Australia, has sent out a circular to shareholders—in English and Pidgin. This is for the benefit of people in Papua and New Guinea who have just become shareholders. I append an excerpt:—

"Yu mas lukautim gut dispela Setifiket yu noken putim stap long wanpela hap paia nap kukim o binatang na rat inap kaikaim.

"Sapos yu laik, wanpela benk em ken lukautim dispela Setifiket.

"Em tasol, ol Direkta Bougainville Mining Limited."

This means:— "The Share Certificate should be kept in a place that is safe from fire and where it won't be destroyed by rats or insects.

"Your bank will look after your Share Certificate for you if you ask them.

"The Directors, Bougainville Mining Limited."

I wonder if Pidgin can cope with scrip and rights issues, and the rest of the jargon.

The wine that goes Wham

Despite the old adage that grape and grain do not mix, Mr. J. H. Wham, managing director of J. H. Wham and Son (Largs), has after six years of effort managed to blend a four-year-old malt whisky with Scottish-made wine to produce "Scotsmac," a fortified wine that is 31.5 proof and sells at 90p a bottle.

At first, the wine when fortified with whisky produced a chemical reaction. So Wham "analysed virtually every malt whisky in Scotland and found one which has very little of the thing we want to be rid of." The imported grape juice was easier. Wham isolated the acid which caused the trouble, and now processes the juice to remove the acid before fermentation.

Sales began last September and, according to Wham, "every retailer or wholesaler who purchased Scotsmac has repeated his order." Demand has outgrown Wham's own production capacity, and Scotsmac is now also made at the Courage subsidiary of Melrose Drover, of Leith, which is also handling Scottish distribution.

Another Courage subsidiary, Charles Kinloch, is now taking on distribution in England and Wales. Two American firms have "shown interest," according to Wham, as well as one in Canada and another in Italy. He also expects to clinch a deal with a Danish company.

While the Scotsmac at present available is a medium sweet blend of malt whisky and wine, Wham hopes to market a medium dry brand as well, plus perhaps varieties based on rum and brandy.

Long-time editor: new owners

Americans have been scanning the prestigious *Saturday Review* this month to detect the influence of its new owners, Mr. John Veronis and Mr. Nicholas Charney. So far, in vain. But Veronis and Charney are young men with a go-go record and must make themselves felt sometime.

The two originally set up a company called Communications Research Machine in 1967, to publish *Psychology To-day*, which quickly went to half a million circulation and acquired a book division and a weekly newsletter called *Behaviour To-day*. Last February, the company also launched a monthly Intellectual Digest.

Meanwhile, CRM had been taken over by Boise Cascade, the big timber, paper and engineering company, as diversification, and last February, Mr. Richard Holmes, the ousted British Printing Corporation executive, went to CRM as vice-president. But by then, the break between Veronis and Charney, and Boise Cascade, was in the making. Veronis was talking to Norton Simon Inc. about buying the *Saturday Review*, which Norton Simon acquired in 1968 when merging with the McCall Publishing Corporation. But Boise Cascade, which had just shown a big half-year loss turned down the idea.

Veronis and Charney promptly resigned, formed a partnership with Mr. Dan Lufkin, chairman of a Wall Street investment house, and a toy manufacturer, and last month bought the *Saturday Review* themselves for an estimated $5.5m. There is however one good reason why their influence may be slow to show itself. Mr. Norman Cousins, editor and a major stockholder since 1942, though he declined to exercise his option to buy the magazine outright, is still there as editor.

Dalektic

Scribbled on the wall of the London Planetarium: "Is there intelligent life on Earth?"

And beneath: "Yes, but I'm only visiting."

Observer

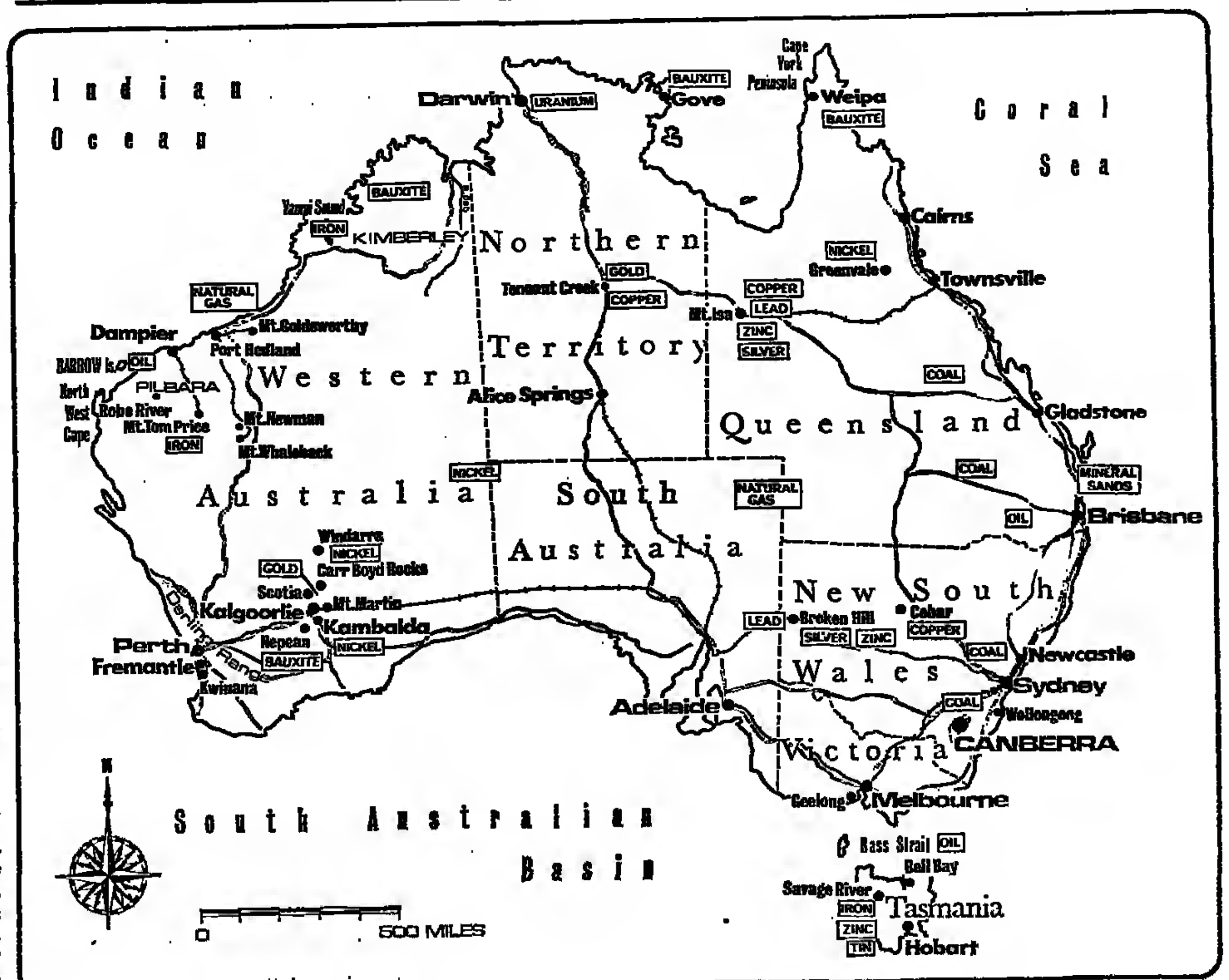
AUSTRALIA

Financial Times Survey

CONTENTS

Time for decisions within and without

By MICHAEL SOUTHERN, Australia Editor



…he relaxed, sometimes …al attitude which is the out… world's image of Aus…ns is a deep-rooted part of …ational character. It largely …ts the "she'll he right" …tome that has governed the …ing and actions of Aus…ns for years. There is …he sense of relative isola…in world terms—at the end …e sea and air routes geo…ically, at the end of action …eaction politically.

…ere is good cause for this …de. Things usually have "…right." Nature has been …in that where famine …red in one sector (such as …industries) a feast …red somewbere else …rals). And the country's …ons to world affairs has governed hy its reliance on countries like Britain and …ica for direct help and …nce in matters of defence …oreign policy.

Found wanting

…things are not right any … The underlying sense of …e of the last two years has …way to uncertainty and … The luck that for so …ran for Australia has …; and now in addition the …gement of the country bas found wanting. The rural … is depressed and will …n so for a considerable … The minerals boom is …g down, while the Stock …nge boom that It brought …l and truly over, leaving the country discredited in the eyes of many people overseas after the Mineral Securities, Leopold and Queensland Mines affairs.

The facts that made the boom, however, remain. One cannot he hut impressed hy the natural resources in quantities that defy the imagination. In travelling around this under-populated continent one sees mountains of iron ore, square mile upon square mile of bauxite, and desert oil rigs that are bringing great quantities of oil and gas from underneath the barren land.

But Australia is now having to cope with other and new problems which have been forced on the country and its leadera from the outside. Ten years ago It was clear that the commercial and emotional links with Britain would be weakened. If Britain joins the EEC, the movea towards a final and decisive severance will he speedy. To provide for this, Australia turned to what former Prime Minister Sir Robert Menzies described as her "great and powerful ally," America. The price of American protection has heen involvement in Vietnam and, through a massive inflow of U.S. capital and people, enormous social, environmental and economic change.

Australia is now likened to the America of 15 years ago—rich, brash and unsure. The American influence has left indelihle marks as pleasant low-rise cities have heen turned into glass and concrete mini-Manhattans, Chicagos, and Los Angeles. Australians have come to love their drive-in cinemas and their Colonel Saunders chicken and the diet of U.S.-originated shows that dominate television. They have attuned to the garish architecture and coloor of the convenience food shops that proliferate and are as alien to the landscape as is an Andy Warhol painting of a soup can to a room full of Monet water lilies.

Sold too cheaply

But the economic impact has been most felt in U.S. buying of Australian assets and land as well as in the financing of giant projects for which there was not enough money locally. There is puhlic outcry against this as the value of the dollar depreciates and the value of the assets increases, leaving a hitter taste in Australian mouths and the suspicion that their assets were sold too cheaply. Economic nationalism, which subsided a little while ago, is returning.

But the American relationship is also weakening, partly as a result of the pull-out of the U.S. from South-East Asia and very much as a result of President Nixon's latest economic package, which is seen as causing great damage to the finely balanced Australian economy. There have also been squahbles between the two countries over airline rigbts (indeed, one continues at this time) and the changes in U.S. attitudes over Communist China left the *Australian Government well* behind.

So, Australia is once more at the crossroads. On previous occasions she has simply been able to take the American or British hand and follow on. Now there is no one, not even Japan. For much as Australia loves the Japanese market, she has not yet come to terms with living in the sphere of Japanese influence and is suspicious of it. The difficulty has been heightened hy the fact that while the world has heen catching up on Australia, and its economy has become more and more demanding of proper management and attention, the country's leaders have been emhroiled in their own personal and political struggles. Fights over leadership have taken up a great deal of time in the past three years, time which the people felt might have been better used running the country. This bas added so much to the uncertainty.

Under Menzies the country saw a long and stahle period of leadership. Since his retirement, the only certainty was that the Liberals were in power. One hardly knew who would be Prime Minister or for how long,

Continued on next page

AUSTRALIA II

Inflation must be curbed

By R. I. DOWNING, Ritchie Professor of Research in Economics at the University of Melbourne and President of the Academy of the Social Sciences in Australia.

Australia's economic growth rate during the 1960s has, at over 5½ per cent. a year, been higher than that of any other Western country. The growth rate fell below 4 per cent. during 1970-71, and unemployment rose from S3,000 in June 1970 to 71,000 in July 1971. Nevertheless, the pace of inflation accelerated sharply. Average earnings rose by 10½ per cent. compared with 5 per cent. between 1955 and 1968; retail prices by 4.8 per cent. compared with 2½ per cent.

The Federal Budget pushed bard the conventional, but now discounted, idea that stagnation-inflation can he stopped hy cutting expenditure and increasing taxes. The prospect is for an increasing loss of potential production, rising unemployment, continuing high rates of increase of earnings, and a further acceleration in the rate of increase of prices as employers seek to overcome last year's lag of prices behind earnings. In 1970-71, total wages and salaries paid increased hy 14.7 per cent. over the previous year while company income fell by 0.7 per cent., farm income fell hy 24.4 per cent. and other unincorporated enterprise income rose hy 5.7 per cent.

Table 1 shows the Federal Government's domestic outlays over the past two years and the estimate for the current year. The annual increase column is corrected for changes in the number of pay-days in particular years and for the full-year effects of changes in cash social benefits introduced during the financial year. The percentage increases in the last column measure effectively the impact of changes in Government spending on the level of economic activity.

There is therefore a very substantial cut proposed in the rate at which Commonwealth Government expenditure has been increasing.

In addition, the hudget imposes increases in personal income tax of $68m. (by a 2½ per cent. surcharge on last year's rates) and in company income tax of $24m. (hy eliminating the concessional tax rate for the first $10,000 of company income), and increases of Customs and Excise on tobacco hy $21m. and on petrol by $43m. The increased revenue from these changes in tax-rates will be $156m. compared with an increase of only $30m. from the previous year's changes in tax-rates.

Higher charges

The increase in Government expenditure net of revenne from changes in tax-rates was 14.5 per cent. in 1970-71 and is estimated to be only 5 per cent. in 1971-72.

There will also be higher charges for various Government services, bringing an extra $50m. to the Post Office and an extra $11m. for radio and television licence fees. The charges for chemists' prescriptions have heen doubled, from 50 cents to $1, hut pensioners will continue to get prescriptions free.

For 1971-72, the migration target for "permanent settlers arriving" has been cut to 140,000 from the original target of 180,000 for 1970-71. Unemployment is likely to continue to rise, perhaps to 90,000 or more hy June, 1972, in which case it would be nearly 2 per cent. of the employed workforce. The rapid increase in the rate of participation of married women in the workforce is likely to slacken.

Snrveys of investors' expectations indicate reduced expenditures on non-dwelling construction and on plant and machinery. The increase in personal consumption expenditure (by 8.9 per cent. in 1970-71 and hy 38.7 per cent. since 1966-1967) continues to lag hehind the increase in gross national expenditure (by 9.7 per cent. and 43.S per cent. respectively).

Table 2 shows yearly percentage increasea in significant indicators over the past three years and the Treasurer's estimates for some of them in 1971-1972.

The 1971-72 estimates seem too optimistic in the light of the budget strategy that has been adopted. Real non-farm product should rise by perhaps only 4 per cent., productivity by 1 per cent., earnings hy 10 per cent., and retail prices by 7 per cent.

Table 1 — DOMESTIC OUTLAYS

Year	Federal domestic outlay	Annual increases in outlay corrected for calendar effects	
	$m.	$m.	%
1969-70	6,675	+632	+10.S
1970-71	7,669	+997	+15.0
1971-72 (estimate)	8,311	+541	+ 7.1

Table 2 — INDICATORS

(Increases over previous year)

	Non-farm product (constant prices)	Non-farm employees	Non-farm productivity	Average earnings	Retail prices
	%	%	%	%	%
1968-69	5.9	3.2	2.6	7.5	2.6
1969-70	6.9	4.0	2.8	8.4	3.2
1970-71	4.4	3.7	0.7	10.5	4.8
1971-72 (estimate)		(2.8)	(2.5)	(9.0)	

The Treasurer implies that the Government spent too much and taxed too little in 1970-71. Had it spent less and taxed more, production would have increased less, unemployment would have risen more and earnings and prices would probahly have risen at the same rate. The Government's fiscal policy for 1971-72 must he presumed likely to dampen activity and increase unemployment without abating inflation.

It would have been preferable to seek to restore rates of increase of production, productivity and employment, and to tackle inflation directly through incomes and prices policy designed to stiffen employer resistance to income-increases and to rally public opinion against unjustifiable price increases. Government leadership in restraining income increases for the quarter of the work force for whose incomes it is directly or indirectly responsible, and tax penalties for private employers who increase their average payroll per employee above a prescribed norm, could he expected to have useful effects.

As expected, woolgrowers are to receive a subsidy designed to hring average receipts at 36 cents a pound as against the current price of 29 cents. They certainly need some form of suhsidy pending the development of rural reconstruction policies. But it would have heen preferahle to give a lower rate of subsidy in respect of wool produced in excess of an appropriate level, so as to concentrate the assistance more on the smaller woolgrowers. It would have heen better also to pay any suhsidy on the hasis of 1970-71 production, so as to leave growers free to respond in their 1971-72 production decisions to current low world prices for wool.

Greater measure

The Government intends to hring into the forefront of discussion the economic consequences of decisions on wage and salary movements hy the arbitration system. Government departments will he required to hudget for three years ahead, the growth of the civil service is to he restrained and departmental functions and activities are to he reviewed.

The State Governments will have a greater measure of financial independence with the transfer to them of the payroll tax. Needy families renting from Housing Commissions will he suhsidised. Tax concessions for expenditure on education bave been increased. Aid to developing countries remains high hy international standards.

The Australian economy has grown rapidly since the end of World War II. Population has risen from 7½m. in 1947 to 13m., or hy over 2 per cent. a year, with nearly half the increase coming from migration which is still predominantly British. The work-force baa risen during the 1960s by 2.8 per cent. a year. Gross national product in 1970-71 was $33,000m.

Productivity has heen rising by 2½ to 3 per cent. a year. This is a remarkable change from the near-stagnation of the 55 years from 1892 to 1947, when real product grew by perbaps only 2 per cent. a year and product per head by ... cent. a year.

The prospects for conti... growth are excellent. Austr... social and political sta... is attractive to entreprei... and investors, both don... and overseas. Seven sove... governments and seven c... cities, each determined to ... in national prosperity, pr... many growth-points with... depressed areas. Great imp... ments in rail, road, sea... air transport are linking wi... scattered regional markets... one large-scale nat... economy.

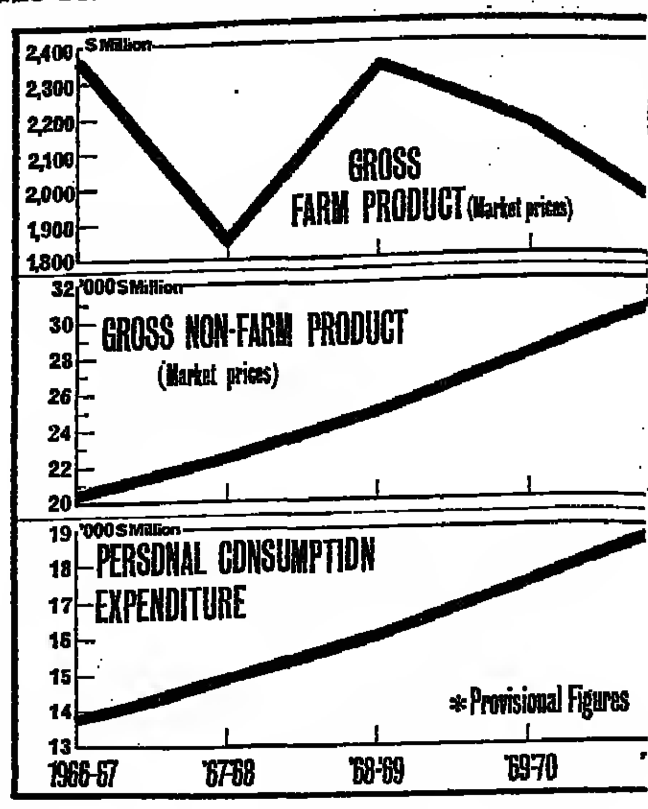
Falling prices

Innovations in primary ... duction have done much t... set falling overseas prices ... the export-base of the ecor... has clearly shifted to mine... Overseas trade prospects ... heen transformed hy the ... growth of Japanese demand... materials, many of which ... he supplied by Australia. ... is to be expected that t... will be a suhstantial incr... in the domestic processin... these materials, thus addin... the growth of manufactu... exports which have alre... risen from 6 per cent. of ... exports in the early 1950... nearly 20 per cent.

Entry of Britain into ... Common Market will in... great losses on some secto... the economy hut they are ... sectors. The economy ... whole will not he seri... affected.

Overseas capital has ... flowing in at very high ra... $1,380m. in 1970-71—and ... change reserves are at r... level, having increased ... further $600m. in 197... Nevertheless, of the 28 per ... of gross national product ... has gone to capital form... over the past five years, ... per cent. has heen finance... domestic saving.

Post-war economic growt... yielded full employment, ... living standards, greater ... dom of choice and an ab... of social tensions. ... worthwhile achievements ... threatened by slackening ... duction and accelerating ... tion. A new approach ... economic policy is neede... preserve growth and its be... while moderating the pa... inflation. The Australian s... needs to earn the respect ... members by providing imp... standarda of public educ... health care and social sec... It would be then in a str... position to call for popula... operation in the restrai... rising money incomes.



BASIC STATISTICS

Area: 2.97m. square miles
Population: 12.79m.
GNP (1970-71): £15,431m.
GNP per capita: £1,210.
Foreign trade (1970):
Imports: £1,887m.
Exports: £1,981m.
Imports from U.K. £346.1m.
Exports to U.K.: £260.1m.

Foreign trade* (12 mont... June, 1971):
Imports: £2,348m.
Exports: £2,353m.
Imports from U.K.: £413...
Exports to U.K.: £221m.
Rate of Exchange:
£1=$A2.14

* Provisional

Decisions

— (Cont'd.)

Continued from previous page

and who would he in or out of Cabinet as personal whims became the decisive factor. It is a sad state of affairs which still prevails at a time when, more than ever before in its history, Australia needs leadership as economic and financial independence is forced upon it.

Australia is emerging as a South Pacific and South-East Asian nation. As the wealthiest conntry in the region, it is heing looked upon by the smaller countries for leadership and belp in defence and economic aid. So far, this leadership has not been given. The withdrawal of British and U.S. influence will force decision-making upon this country as it comes to terms with people who are geographically neighhours hut racially and culturally alien. There is talk, sometimes, of a common market for the area—but if this implies free movement of people, Australia will reject it. The hulk of aid goes to Papua-New Guinea. But can Australia be said to be taking the South Pacific aeriously (as tha Government has claimed) when its grant to the South Pacific Commission is only $A309m. and South Pacific economic aid is only $A1m. in a total foreign aid hudget of $A186m.?

Affluent country

On the other side of the coin, Australia is an affluent country whose people are very much concerned with material things. Gross National Product in 1970-71 was $A33,028m. against $A30,107m. in the previooa fiscal year. Personal spending has been rising at a rate of 9 per cent. a year, incomes have been rising rapidly. This wealth is manifested in the urban society that is any Australian city, with its large shops, and with one car to every three persons.

Yet for all this wealth, Australia has some 2m. of its 13m. people living in poverty. It is a prohlem that 12 months ago attracted a great deal of public attention and was the great social and talking point for a while. But talking was the end of the issue. There has been little official action to belp relieve the poor, and the fact that they live in suburbs of their own, out of sight of the affluent Australian, has lessened the impact that the problem could bave had on the Australian conscience.

On the other band, there is a distinctive Australian culture emerging from underneath its European traditions. Australian writers, singers, painters and musicians are as highly regarded overseas as the tennis players and cricketers, and they need not leave the country to make a living any more. The shock of Asian culture has not yet heen felt, hut it will not be as severe as one thinks for there is at least an awareness of it that did not exist five years ago.

It will be a matter of great interest to see how Australia develops over the next decade as new trading partnerships emerge and new cultural and human prohlems evolve through the necessary closer ties with her neighbours. Australia is now a country of great economic strength, and can no longer use weakness and confusion as an excuse for indecision. Decislon-making has been forced on the country hy the action of others.

Life is comfortable, healthy and prosperous, in spite of the grim prospects of the immediate future. And the eternal optimism of the Australian prevails. With a little luck and a lot of management, things will get right again.

هكذا من الأصل

AUSTRALIA III

Rough time in politics

By MICHAEL SOUTHERN

For Mr. McMahon, the honey-pon as Prime Minister is over. n the time that has elapsed nce his March election after he bitter party dispute that de-osed Mr. John Gorton, the new Prime Minister bas achieved ttle, other than ridding himself f Mr. Gortoo as bis deputy arty leader and a Cabinet inister. And, according to a ationwide opinion poll last onth, the very act of chopping Mr. Gorton finally swung the lectoral support that Mr. McMahoo had over to the oppo-tion Labour Party.

It has been a rough six months, just as Mr. Gorton had mugh six months from Sep-ember last to March. The Liberal Parliamentary Party as divided under Mr. Gorton, t is even more divided under Mr. McMahon. It may be that ith Gorton gone, Mr. McMahon ill begin to sbow the qualities f leadership that this country looking for in tbese confused mes of stab and counterstab. Mr. McMahon will have to show is quality very soon if be is to ing the Liberal Party back to the public confidence.

Sometime between now and ovember 1972 Mr. McMahon is to face an election. On his esent standing, he would lose, en with the vexed issue of etnam almost resolved by the nouncement that troops will withdrawn. There is little to hose from in terms of litical philosophy between the beral and Lahour parties. But least the Labour Party has ercome its divisions and bas, Gongb Whitlam, a leader who s emerged as an alternative ime Minister. Equally, the bour Party knows full well at it must hold itself together d win this next election. If fails, there will be a Liberal vernment in this country for ars to come.

There is every reason to lieve that Mr. McMahon uld want to go to an election und next March. By then, troops will be home from etnam; the price rises ought about by his budget ll be forgotten, but the pen-n rises will not. By then too real squeeze on liquidity d the unemployment that deflationary budget pro-ses will not have heen fully t—that is something for the t quarter of the financial ar. So, the options are for rch, or to take the chance of ing through to the bitter end the bope that a giveaway dget in August will sweeten electorate.

But before Mr. McMahon consider an election, he sperately needs to win tbe fidence of his Parliamentary rty.

"Do you anticipate any chal-ges to your leadersbip as Gorton bas bad?" be was ted the day be became Prime nister.

"I hope not," Mr. McMahon lied, "but I bope that I will able to so change the Party system to bring them (the backbenchers) well into the mecbanism of Government."

So far, Mr. McMahon bas failed in this task. Indeed, in the first week of the new session of Parliament, he had to back down on the appointment of Junior Cabinet Ministers when three of his backbenchers threatened to cross the floor rather than have the men hoisted into power. And Mr. Gorton's presence on the back bench will be just as disturbing. The divisions grow wider rather than close. And the opposition plays on this.

Ambitious man

Mr. McMahon's lack of con-trol over the parliamentary party was made clear when Senator Sir Magnus Cormack was elected President of the Senate and Mr. Billy Soeddeo the deputy leader of the Party. In both cases, Mr. McMahon had his support out for another candidate. And the very pre-sence of Mr. Snedden as deputy leader is io itself a challenge, for Mr. Snedden is an ambitious and forceful man.

Mr. Gorton, too, is aoything but out of the runniog for another bid for leadersbip. Indeed, it is clear that Mr. Gorton sees himself as being called back as leader of the party, particularly if Mr. McMahon loses the next elec-tion. He still has a great deal of support and public sympathy, and already, the electorate and the newspapers which played such an important part in bis downfall appear to have for-gotten the harsh criticisms they bad to make of the man while he was in nffice.

In all of these squahblings, the Country Party has been admirably slleot. But then It bas problems of its own as rural industries decline and dlscon-tent among its supporters grows. The rural industries (and bence the Country Party vote) bave beeo the ones to suffer most as the effects of inflatinn pusb cnsts up, the tariff policy make necessary imports dear, and the severe drop in prices drive them either off their laod or into poverty. There bave also been divisioos betweeo the Country Party and the Liberals on the vital question of rural aid. They are diviaions that as yet are not wide enough to break the coali-tion, but they are growing.

And, the Country Party bas lost its real strength with the retirement of Sir John McEwen, the man wbo kept Mr. McMahon out of the Prime Minister's office for so long hecause of bis undue influence over the Liberal coali-tion. Sir John had the firmness and grip over his Parliamentary colleagues that the Liberals have noi seen since Sir Robert Menzies retired. Mr. Doug Anthony, the new Country Party leader, bas none of this talent for leadership.

So, the Government ia a divided group, lacking leader-ship, lacking direction and des-perately looking for a way out. It also lacks the statesman of the Menzies' calibre (or even a Holt) to pull it together. The opposition for its part bas fire, it has its leadership, and will keep its squabbles quiet now that the long cherished goal of government is in sight.

In Australia, it is not enough to win the popular vote if one is tu govern as tbe Labour Party knows full well. In all elec-tioos sioce 1966, the Labour Party has won the majority of the primary votes only to be thwarted by the preferential voting system which it is deter-mined to abolish once it achieves power. For who governs Australia is determined by minority parties, and in particular the Democratic Labour Party wblcb bas an unusual and influential role. Its roots are in the Roman Catholic Cburch; its platform is antl-Communist. It does not have a man io the House of Represen-tatives but with five Senators in a senate that is bostile to the Government, holds the balance of power. At election times, It Is the DLP preference votes being given to the Government that frustrates the Labour Party. The price of this support has been high for the coalition.

Whenever the election comes, the one thing that may be lacking is an issue. The differences between the two parties is slight on domestic matters and not that variable on foreign affairs. McMahon's Government is happy to play with South Africa. Mr. Whitlam is not. Mr. Whitlam wants to recognise Communist China at the expense of Taiwan. Mr. McMahoo, who bas heen totally blind on the question of China, is now prepared (as he must) to follow the Washington line of a joint recognition. Mr. Whitlam has long argued that Australian troops ought to be out of Vielnam, and Mr. McMahon is finally pulling them out. Mr. Whitlam is anti-National Service and Mr. McMahon is for it.

Law and order

On the domestic front, law and order was very mucb a problem during the Springboks visit, and this could arise again during the South African cricket team's visit—if it ever comes off. They are due in the summer, and Australians have made it clear that they want to see them here. If trade unions take a stand against them, and demonstraiors demonstrate, Mr. McMahon could well find him-self the issue he needs—aod he would probabty win.

One can only hope that, at the next election, there is a clear victory to ooe side or the other. For while Auatralia claims on the one hand to be politically stable, it does, on the other, have elections about every 18 months, as Seoate and Lower House votes come around. It bas seen innumerable changes in the Cabinet: the Prime Minister, in the person of Mr. Gorton, was constaotly cballenged and finally deposed, and the new Prime Minister is anything but secure. As a result of this, there has been a lack in continuity of direction; aod on the part of Ministers a lack of any real certainty as to the future of their porfolios. There have beeo four Education Minis-lers in 18 monihs; three Treasurers in hardly as many years. Stable as the Liberal Party might have been as a Government, it has generated a great deal of political uncer-tainty that has annoyed business life and society. In Sonth Aus-tralia and Western Australia this bas resulted In changes of Government from Liberal to Labour. In NSW Labour came within a whlsker of uoseating the Government. The uocer-tainty was expressed not too long ago in a private report by Eric White, the public relations consultancy, for an overseas client. It warned them to expect a change of Government soon.

Abrupt end to defence initiative

By KENNETH RANDALL

In bis brief five months as Australia's Defence Minister, Mr. John Gorton had begun to take the first tentative steps to-wards preparing public opinion for an important cbange in policy—perhaps the most im-portant in 20 years.

Its directions were sketcbed only vaguely and its semantics were in a tradition of obfusca-tion which has bedevilled and largely aborted worthwhile public discussion of defence Issues wlthin Australia since the mlddle years of Sir Robert Menzies' reign as Prime Minis-ter. The legacy of his Liberal Party's own past forced both the vagueness and language upon Mr. Gorton.

But even with extreme caution, the initiative for cbange appears to bave ended as abruptly as Mr. Gorton's career as the responsible Minister. His obvious insecurity in any Cabinet headed by Mr. William McMahon had heen tbe major obstacle to furtherance of Mr. Gorton's new ideas. His dis-missal, and a series of subse-quent announcements, have served to demonstrate the Government's rapid de-empbasis of defence as both a political issue and a national priority.

There will be no significant pressure from the Labour Party opposition to retain it aa a top priority. Though both the major political parties vebemently deny the suggeatioo in public they seem to be beaded almost inevitably for a considerable measure of bipartisanship in defence and foreign policies—Labour by design, the Govern-ment from lack of alternatives.

Labour, as a matter of firm policy, opposes the stationing of any Australian forces overseas but supports the concept of close defence co-operation witb friendly, neighbouring countries supported by regular joint exercises and bighly mobile forces. Nominally, the Govern-ment remalns committed to a concept of so-called "forward defence"—the Menzies concept—but finds the means of its practical implementation pro-gressively slipping away.

The formal announcement on August 18 that all Australian combat forces will be witb-drawn from Vietnam by Christ-mas, and that all other elements and equipment with the excep-tion of about 30 training per-sonnel, will be brought bome by February or March next year wlll leave only one battalion of troops (in Singapore) and two Mirage fighter squadrons (in Malaysia) based outside Aus-tralia.

There is a strong feeling that, even without a cbange of Government the Malaysia-Singapore arrangement is nn-likely to persist beyond the middle 1970s.

It was with these prospects in mind that Mr. Gorton began to stress last June and July the elements of "flexibility" and "independence" as keystones of policy planning.

The policy of "forward de-fence" as it was inserted into the Liberal lexicon by Sir Robert Menzies meant, In crude terms, "we fight them there so that we do not fight them here." Even hy more refined definition, the term was, as a leading com-mentator recently put it, "a

Continued on next page.

AUSTRALIA IV

Australians and the outside world is the theme of articles on the next few pages—their political and trading policies and what their main trading partners think of them.

Turning away from Britain

By T. B. MILLAR

Chill overseas winds are blowing around the ears of the Australian Government, and they are coming from several direclions at once. The Liberal Prime Minister of six months, Mr. William McMahon, while a man of long experience in the Cabinet, bas only a somewbat slender hold on his party and an uncertain ooe on the country, has an untried Foreign Minister succeeding a barely-tried one, and a barrelful of domestic and foreign problems.

Heading as he does a coalition government with the Country Party, Mr. McMahoo (aod still more his Country Party Deputy, Mr. Douglas Anthony) bas felt compelled to say harsh things about the terms on which the British Conservative Government have agreed to enter the EEC, especially as they affect Australian primary exports. These complaints are hy no meana wholly spurious.

At the same time, it is heing said in Australia that the country is reaping the effects of a trade policy carried out by Sir John McEwcn which was effective, hut (to quote one journalist) "for rather too long, rather too roughly, and the policies he was charged with pursuing took rather too little account of other countries' interests." Instead of appreciating Britain's problems and intentions and coming to terms with them, Australia has teoded to complain and to make demands across the board rather than to promote positive policies with calculated priorities. The British Government's action has come of course at a particularly unfortunate time for Australian farmers, with reduced international demand for wool, with China refusing to buy Australian wbeat, and with the dairy Industry staggering under the weight of Its own accumulated inefficiencies and difficulties.

Britain is not yet in Europe, but most pcople in Australia feel it is only a matter of time. They find the economic arguments confusing, the political arguments understandable but improbablc. It is reasonable that Britain should wish to sbape the political future of Europe, but far more likely that Europe will in fact shape the foreign policy of Britain. It might have been different if Britain's negotiating position had been stronger. Australians may still draw some comfort from the situation if Western Europe becomes the promised "tbird force" in the world balance. Unfortunately, even if it does, it is not likely to be particularly interested in the Antipodes.

British entry (if it bappens) will he the end of an era, but so were 1942 (Singapore) and 1961 (Commonwealth Immigrants Act) and 1966 (East of Suez retrenchment). This is the world. Australia will contioue to draw migrants and capital from Britain, hut will simply come to look on it more and more as a foreign country. Perhaps some Australians of British stock may be forgiven a little nostalgia, however their politicians may have served them.

Common desire

In and around the Malay peninsula, the two countries and New Zealand will continue to co-operate in defence arrangements with Malayaia and Singapore. The basis, now largely decided, is very different from the earlier, almost unconditional, British guarantees. Presumahly the ohjcctives of the *three external* States overlap in a common desire for internal political stability, and for keeping in friendly hands the strategic Singapore bases and their hinterland. The British have a special interest in protecting their extensive investment; the Australlans in keeping a British naval presence in the Indian Ocean and a visible restraint on Malaysla's neighbours; the New Zealanders on working in with the British and the Australians. Blunt Australlan speecb towards Malaysia and Singapore bas been part of a cooling in the relationship, reinforced by the two Asian States' desire to live on a somewbat different basis with China and the Soviet Union.

If hugging around them the tatters of the British connection is giving Australians little warmth these days, the American umbrella has also revealed a few holes in its fabric. No one is talking about renegotiating the ANZUS Treaty (although Opposition leader Gough Whitlam might reinterpret it if he became Prime Minister). The Nixon doctrine of substantial disengagement from Asia bas made Australia less important to the U.S. than it was—and it was never very important. Australian complaints over restrictions on imports of beef and lamh and on inflow of capital, have received a little but not much sympathy in Washington, where rural lobbies are thick on the ground. Over mutual air transport rights, Australia has been suhjected to some plain old-fashioned Great Power arm-twisting, but hasn't helped its own cause by lagging hehind in the air charter stakes.

Again, Australia has paid heavily for its gamhle on the F-111 aircraft, ordered as an election gambit in 1963 and not yet delivered. If they are delivered, magnificent though they may he, the 24 Australian machines will he part of a handful produced and thus spares and replacements are likely to be difficult and costly. If they are not delivered, Australia will have subsidised American research and development to the extent of several hundred million unrecoverable dollars.

At the official and Services level, relations between Australians and Americans are close and amiable, but this is not where major decisions are taken. Neither the White House nor the State Department proposes to engage in competitive escalation with the Russians in the Indian Ocean in order to calm Australian fears. The U.S. will make no advance public commitments to use the proposed new naval facilities at Cockburn Sound in Western Australia. It is well disposed to the Five-Power arrangements in Malaysia and Singapore but will offer no visible contribution or insurance. And over Vietnam, in the long run, Australlan participation may not bave served Australian foreign policy as well as expected, in Washington, wbere some believe Australia has encouraged American follies and others that it has not pulled its weight.

On economic matters, Australia has pressed Its points vociferously with the U.S. In foreign affairs It has preferred to be the good, lsrgely undemanding and uncritical low-profile ally, alwsys in stap. The result bas heen that when Washington has cbanged step or direction, Canherra has been caught faltering, somewhat aggrieved and confused. A little more independence and foresight would obviate this.

Changes in America's China policy have heen signalled from Washington for the best part of a year, yet Australia clung to a rigid anti-Peking line long after America had discarded It. Only when the Labour Party leader, Mr. Whitlam, arranged a visit to Peking did Mr. McMahon take steps to open his own (as vet unfruitful) dialogue with the mainland Chinese. Political advantage drawn from what appeared as an unnecessarily complaisant performance by Mr. Whitlam in an interview with Chou En-lai was largely negatived by the announcement of Mr. Nixon's proposed visit to Peking, negotiated hy Dr. Kissinger during a stop-over concurrent with Mr. Whitlam's. Australia has now indicated that it will not oppose the seating of the People'a Republic in the UN, but will seek to avoid the exclusion of Taiwan.

Mr. Whitlam has said that if be becomes Prime Minister (the next election must be held before late 1972, but could come earlier) he will recognise Peking and visit China again. He was accompanied on his recent visit by the shadow Minister for Primary Industry, Dr. Rex Patterson, who has since spoken in rather more definite terms than his leader of the connection between China's failure to purchase Australian wheat last season and Anstralia's failure to give diplomatie support or recognition to Peking.

Largest market

Australians are becoming more and more aware of the importance and the uncertainties of their relations with the Japanese, and a three-day conference on this subject by the Australian Institute of International Affairs in June was packed out. Japan has been Australia's largest market for several years, and is expected to become an increasing source of investment funds. Mr. McMahon opened the Conference and announced that henceforth the Department of Foreign Affairs (and not the Department of Trade) would he primarily responsible for relations with Japan—a principle easier to assert than to estahlish.

Buoyed no doubt by its phenomenal economic progress Japan has been taking a hardar line with Australia in negotiations, and has *even* bolstered diplomacy with a book about Australia written hy its current ambassador to this country. What Japan seeks especially are long-tarm stable mineral contracts, easier access for its managerial and technical staff past Australia's immigration restrictions; favourahle terms for investment; and perhaps partnership with Australia (which has resources and is respectable) in joint projects in South-east Asia. Australia, tempted to take the cash in hand and waive the rest of the implications, is still reluctant to facilitate Asian immigratioo unduly, or to appear to gang up with the region's only other developed state against all the undeveloped. Japanese defence and equipment policies are also causing some coocern, despite official assurances.

Indonesia has now replaced India as the largest recipient, in absolute terms, of foreign aid. Papua-New Guinea, hurrying precariously towards independence, is a clond bank near the horizon of Australian-Indonesian relations. Australia could hardly be said to have an integrated approach to the island territories of the South-west Pacific, most of which (but not New Guinea) have been financially profitable. It is reluctant to belp Fiji with funds to buy out the Australian Colonial Sugar Refining Company, hut it is prepared with New Zealand to support in a modest way proposals emanating from the territories for loose forms of regional association.

Springbok tour

The Springboks recently visited Australia, to the applause of the Rugby Union eothusiasts, the dismay of the Government and the disgust of the Opposition and anti-apartheid groups. They won every matcb easily. The demonstrators were vociferous, some were violent, but all wera contained, and no matches were cancelled or stopped. To thwart trade union attempts to paralyse arrangements, the federal Government had RAAF aircraft available to transport the visitors, and the Queensland State Government declared a *state* of emergency.

Australian troops bave already begun to leave Vietnam, and the rest are likely to follow before the next federal election. This will take most of the sting out of Labour's criticism on foreign policy. A Labour Government would find difficulty in quickly implementing its declared policy of force withdrawal from Malaysia and Singapore. It would have no sentiment about Taiwan, and would not issue visas to all-white South African *sporting* teams. Apart from these two items, the foreign policies, in practical terms, of the two sides—for reasons largely outside their control—are becoming less and less distinguishable.

Nervousness over Japanese trade

By HENRY SCOTT-STOKES

Australian trade with Japan has been increasing at a rapid rate during the last few years. During the year to June, 1970 (fiscal 1969-70) exports to Japan totalled $1,021m. f.o.b. and imports from Japan reached $481m. c.i.f.

The largest item in Australian exports during this last fiscal year for wbicb complete figures are available in Tokyo was "ores and scrap" which totalled $328m. of wbicb some $242m. was iron ore. The runner-up was wool of which exports were valued at $257m., and other large items in exports to Japan were coal ($153m.) and wheat ($50m.). *On the import side* the largest single item was motor vehicles ($28m.) followed by Iron and steel ($23m.), cotton fabrics ($11.5m.) and synthetic fabrics ($7m.). Thus the general pattern Is one of Australian exports to Japan of raw materials, specifically ores, wool and coal, while Japanese exports to Australia consist of a great diversity of goods, including even Iron and steel (which might be made from Australian ore, with Australian coal).

The main change in the latter part of the 1960s was the increase in Australian exports of ores, especially iron ore, while on the other hand, wool has declinad, relatively, in importance. Between fiscal 1968-69 and fiscal 1969-70, ores and scrap became the most important export item in the Japanese trade for the first time, displacing wool; wool exports in fact declined slightly in value between these two years, while ores and scrap rose from $215m. to $328m. A second feature was a rapid rise in coal exports to Japan. *also* supplies for the rapidly growing steel industry.

The outlook for Australia-Japan trade is reasonahly bright. A revaluation of the yen by up to 10 per cent. is felt unlikely to greatly affect the Japanese economy. A general feeling was that the rapid economic expansion of Japan would continue, even if at a slightly reduced pace, and that the prospect was for continued big increases of volume in Australia-Japan trade; one prediction was that by 1975 Australian exports to Japan might reach the level of $1,800m. to $2,200m. or roughly double the fiscal 1969-70 level.

Following the announcement of new American economic measures, including the 10 per cent. import surcharge, Australians in Tokyo are a little more cautious in making predictions about the future of Japan-Australia trade. One consideration is that Japanese exports of steel to America might fall; and there is also concern about textile exports to the U.S. (including indirect exports via Hong Kong etc.). A further worry is that there might ha a loss of confidence in the Japanese business community, and that the Japanese economy as a whole might suffer, leading to a decline in imports even.

Calm prevails

On the whole, however, calm counsels prevail. It is pointed out that less than 20 per cent. of Japanese production of steel is exported, and that most Japanese steel is required at home. So far, the Japanese—though showing some tendency to panic—have not taken any rash actiona; and the prospect is perhaps that the Japanese economy will continue to make progress. Thus overall Japanese demand for steel industry materials is not expected to decline sharply—up to this point.

The question is, bowever, whether the rapid rate of increase in exports to Japan of the last couple of years can be maintained. This may be doubtful, if one bears in mind that the Japanese steel industry bas slowed down considerably. (a year ago there was m debate between the indu leaders as to whether the s ouput of Japan would be in range of 140m. tons or 16 tons by 1975, with the medi size companies preferring larger figure, and the indu leader, Nippon Steel, cou ling moderation. Even the lc figure of 140m. tons, howe is not one upon which industry could any lo decree. Far from being occupied with plans for exp ing production to 1975 (company market sbares) i much more concerned al the *necessity* for cutting production in Japan, and propping up the domestic p structure by consultat between leading produ Nippon Steel bas warned it may cut this year's divid

Not that the industry deeply pessimistic: the pros is that massive public work Japan will require great q titias of steel in the 1970s: next two budgets in Japar supplementary one this autu and the next annual hudget be decided by early next y are expected to he expansioı ones, with an emphasis on creased public investment, in the middle of August s prices were beginning to fir little in Japan at last—until Nixon made his play.

What the steel industry ha do, as an urgent priority, I determine bow the U.S. Gov ment will treat steel imp from now on; and the Japar steel industry has already i cated its willingness to acce government - to - governn agreement to control Japar exports to America.

Australian suppliers will watching the development talks between Japanese s leaders and the Americans v interest, but their outcome unpredictable.

Defence – (Cont'd.)

Continued from previous page

concelt, for Australia never had the power to demarcate its own front line in the region."

The fact was that by an unusual and fortuitous coincidence for Australia, her two great and powerful friends, Britain and the U.S., did have the power and were demarcating a convenient front line which Australia could share—and at remarkably low cost.

The Labour Party's alternative was dubbed "fortress Australia." It was attacked as isolationist, selfish and dangerous by opponents. The point that it would clearly demand stronger and more self-reliant forces (and policies), even thongh they were bome-based, was lost in the contest of cliches.

Yet it was In this direction that Mr. Gorton's sbort-lived campaign in mid-year was headed.

Mr. Gorton emphasised that the strategic equilibrium in the Western Pacific and East Asia *would* depend heavily upon the emergence of a new and stable relationship hetween the U.S., the Soviet Union, China and Japan.

"In this situation of extensive but progressive change Australia will cootinue to value, support and (particularly in regard to major threats) depend on its alliances. Our defence relationships with regional couotries will not, however, remain static.

"There will ba an increasing need to he able to act more independently than we have done in the past and to use our growing national resources, whether political, economic or military more selectively and effectively in aupport of our friends in the region and of our own interests."

At about the same time, Mr. Gorton hegan to spell out some of the inescapable political consequences of the approacb be advocated. "We now bave a need to maintain in constant being a credible professional Army, Navy and Air Force capable of immediate action, and backed by Australian reserves and Australian industry . . . money is needed to achieve what is required. A very great deal of money is needed, considerably more than we are spending now," he said.

"So far we do not even have sufficient accommodation in Australia for sucb an Army," he added. And be could not see how a credihle Army could be maintained without continuing selective conscription.

Even at the time, however, Mr. Gorton appeared to know that the chances of having the new concept adopted by the Government were remote. "We haven't got the sort of defence forces with the capacities of which I've spoken," be said. "Building such forces will take time, effort and much argument. I'd sooner tell the people what was needed for their defence and lose the next election than lose the next war."

Mr. Gorton's apparent fears were quickly sbown to be well founded. He was overwbelmingly voted down at a special full-day meeting of the Cabinet during the budget preparations, with the result that the defence allocation for the current financial year *allows for* no more than a holding operation.

Although the actual defence vote is a record $1,252m.—an increase of 10.3 per cent., or $117m.—it will do no more than meet firm commitments.

In particular, long overdue wage rises for the services will eat up more than $66m. A heavy delivery programme of equipment already ordered will more than account for the rest of the increase.

Only one day after the budget came the *Vietnam withdra* announcement and a decision cut tbe period of conscript s vice in the Army from t years to 18 months which w mean, in practical terms, a m power reduction of 4,000 in Army of only 40,000 and n battalions. Mr. Gorton had g and Mr. David Fairbairn was stalled as the third Defe Minister since March. " . . . is becoming evident," said leading writer on Austra defence, "that capital expe tures on advanced equipm will bave to be sharply creased in future budgets the forces are not to desc rapidly into a sbabby o lescence reminiscent of 1950s."

It seems more likely, howe that the forces have already gun their slide into what come to be regarded as a cy trough. When they finally be the climh out of it it seems tain to be the type of fut envisaged and articulated briefly hy Mr. Gorton.

HMAS Sydney, the Royal Australian Navy's troop transport, refuels from the fleet tanker, HMAS Supply (centre). The escort is the destroyer HMAS Duchess.

هكذا من الأصل

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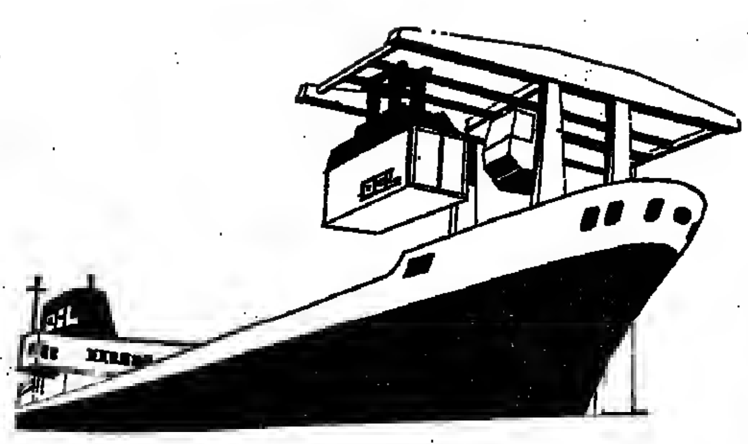

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AUSTRALIA VI

Adjustment continues in trade with U.K.

By MICHAEL SOUTHERN

This is not the year to be making any sort of predictinns on the future of Anglo-Australian trade. The Britisb relationship is no longer the dominant factor in Australian trade. Gone are the days wben Britain supplied some 40 per cent. of the Australian import requirement and took 30 per cent. of exports. And the readjustments, whicb have been taking place over the last ten years, have been seriously impaired by the prospects of EEC membership, the current dollar situation and marked change in the Australian import requirement.

At the end of June, wben the Australian financial year closed, the pattern of Britain as a supplier of 21 per cent. of Australian imports had reasserted itself for the third consecutive year. Australia imported goods worth $4.150m. Last year, a risa of 6.9 per cent. over 1969-1970's $3.881m. The rate of increase, however, showed a marked drop from the pattern of 12 per cent. that had evolved over the past two or three years.

Britain's exports were worth $887m., compared with $845m. in the previous year. The rate of increase was 5 per cent. So, to stand still in this market, the British effort really has to show an average increase of something between 5 and 10 per cent. The 1970-71 effort of 21.3 per cent. of total Australian imports bas put the British down on the 1968-69 total of 21.5, and shows quite a drop from the 21.8 of 1969-70.

By comparison, the Japanese last financial year pusbed their exports to Australia up by 19.1 per cent. and the U.S. by 7.9 per cent. In some respects, these are not meaningful figures in that the Japanese figure included an enormous number of motor-cars. The Britisb make cars in Australia. The American figure included Phantom jets and thus their rise is a matter of expediency for Australia rather than the result of any great effort on the part of the Americans.

Third best

Meanwhile, exports from Anstralia to the U.K. decreased from $478m. to $474m., althougb Britain still ranks as Australia's third best customer after Japan, which bougbt to the value of $1,178m. ($1,016m. in 1969-70) and the U.S., with $499m. ($525m. in 1969-70). So Australia remained among the top half-dozen British customers and Britain tbe third best for Australian goods.

The question now is how mucb longer tbis pattern can last. It is a difficult nne to predict, particularly as the new trade policy of the Britisb Government does not appear to have been resolved following the dissolution of the BNEC and the effects of the Common Market on British exports is not clear. It is an easy matter for Australia to see wbere its future lies in terms of EEC entry—there is a short list of commodities which make up a small portion of total exports. But British exports to Australia cover a wide range of goods and services, and at the same time are facing increasing and intensive competition from the American and Japanese on the one hand and an increased interest in Australia as a market by Europeans, the German and Duteb in particular, on the other.

The requirements of tha Australian market are also changing rapidly as the base of the economy switches. The sort of macbines required to serve the mining industry are generally only available in the U.S., or from Japan under licence. Companies like Vickers have met this switch by manufacturing similar or licensed equipment in Australia but that is, alas, one of the very few examples in Australia of the British-owned company in Australia taking a new direction to meet tbe market.

That there is a demand still for some capital goods has been witnessed by the success of those engineering companies which exhibited in Melbourne recently and sold well.

The historical downtrend in Britain's share of the Australian import market is not difficult to discern. For a start, the local tariff policy and industrial development were such that a lot of goods once imported are now heing manufactured locally and the capital investment from British companies has at least ensured that these markets were not lost. Indeed, some companies bave found that lbeir investment in Australia bas opened new markets in other South Pacific Basin countries. Secondly, the new suppliers bave been able to make serious inroads into the once dominant British position with new products, new designs and cost advantages. Thirdly, there was, for quite a long time, a fee[ling] that the Australian market c[ould] look after itself, and the re[sult] was not so much a loss [of] business but a failure to [keep] abreast of the local scene [and] changing tastes.

Too casual

For all the efforts of [the] diplomatic representatives, all the visits by trade Minis[ters] the simple fact remains [that] this is a market which can[not] he assessed by visiting it. T[here] has heen an increasing num[ber] of missions under British [Gov]ernment aid programmes, those who come find themse[lves] faced with only a short ro[und] of cocktail parties and offi[cial] functions and lots of time [to] study the market and m[ake] their contacts.

There are a few other po[ints] which need to he made. F[irst] this is an affluent coun[try] where personal income and [per]sonal spending is increa[sing] rapidly. Also, the indust[rial] development in mining, oil [and] manufacturing is going ah[ead] with vigour. Thirdly, the Bri[tish] are in many areas creatin[g a] bad reputation for themse[lves] with slow deliveries, a casual feeling for this m[arket] and an apparent lack of conc[ern] which is reflected in the incr[eas]ing number of Australian ex[ecu]tives who complain that "[the] British have no relevance [here] any more."

New Zealand is moving closer

By DAI HAYWARD, New Zealand Correspondent

New Zealand enjoys almost a love-bate relationship towards its big neighbour across the Tasman Sea, combining an admiration for the Australian spirit of independence and fighting qualities, which extend far beyond the common battlefields they have shared, to a distrust of the aggressiveness and suspicion of the brashness in the Australian character.

New Zealand has warmer feelings towards Australia than to any other country—with tbe possible exception of Britain, and wbereas the bonds wlth Britain are rapldly weakening those wlth Australia are growing stronger; but there remains a certaln wariness of Australia, with lts blgger resources and strength. This extends to trade, but thanks to the efforts of those who have worked hard to make the New Zealand-Australia Free Trade Agreement—Nafta—a success, there bas been a radical change ln this area.

The past year or so bas seen an almost complete turnaround in the general attitude towards Nafta by manufacturers and exporters on both sides of the Tasman.

Five years ago it was the New Zealanders wbo were cool in their attitude and who regarded Nafta with suspicion, amounting almost to hostility, as part of some slick Australian plot to take over the New Zealand market. To-day the reluctance to extend the agreement and fears of the advantages it might giva to competitors comes almost entirely from the Australians.

Marked change

This change in the Australian attitude is extremely marked. Those concerned with the extension of Nafta say it is based at least partly on an Australian super-sensitivity towards even small quantities of imports of goods which they themselves make. New Zealand exports of such items as carpets and consumer durables has npset some Australian manufacturers.

One result bas been that New Zealand bas played down some of its export successes and many items largely manufactured in New Zealand bave lost their Kiwi identity by the addition of Australian finishing or packaging which has then put them on the market as Australian products.

There bave been considerable New Zealand exports successes, with items ranging from biscuits to refrigeratnrs carving out sizeable slices of the Australian market.

These results have grown with the confidence born of success as New Zealand exporters ventured at first rather timidly into the Australian market and found, somewhat to the surprise of many, that not only could they compete but that they could win profitable orders rigbt in the Australian manufacturers' own backyard. As a result, and as a result nf the incentive given to exportors by Nafta, the terms of trade between New Zealand and Australia have changed from 4½ to 1 in Australia's favour to 2½ to 1 in just a few years.

It is unlikely that New Zealand will ever achieve parity in trade with Australia—indeed, it does not expect to, but the trade balance is now much more in line than it was.

This in itself has made the Australian manufacturer more aware of the competitiveness of the New Zealand exporter, who sometimes suffers the backwasb of the trade protection controversy going on in Australia. There have been times whan the Australians, bitting out at imports of cheap Asian products, have produced a violent reaction which has reacted adversely against New Zealand without any intention on the part of the Australians to do so.

One example of this was in wellington boots and rubber working boots. Australian concern at the quantity of cbeap rubber boots coming from Hong Kong and other Asian countries created a protective duty against all rubber boot imports with the result tbat better quality, dearer New Zealand boots were priced right off tbe market.

It ls fair to say, however, that Government officials of both countries have worked strenuously to make Nafta work and bave stood firm—often in the face of considerable pressure from small trade blocks—by the expressed desire and intent of Nafta to encourage and increase trade between the two Tasman partners. New Zealand manufacturers often feel that Australian resistance or objections towards New Zealand exports ln a particular field are not justified in relation to the overall picture. Even on items where New Zealand has establisbed a large volume of exports these supply only a proportion of the total Australian market.

Softgoods and clothing exports are substantial hy New Zealand standards but fill only a small proportion of total Australian sales. One of the biggest single clothing items are ladies' blouses but far more enter Australia from the Philippines and Hong Kong.

There has been a move recently to rationalise export manufacturing between the two countries—particularly in the motor industry—to gain the obvious benefits of longer runs and greater mass production. New Zealand nnw supply several components for Australian cars. A recent deal swaps New Zealand refrigerators for Australian motor cars.

These, along with timber, carpets, paper, jam, vegetables, furniture, leather goods and clothing, have boosted N[ew] Zealand exports to $87m. wh[ile] Australia earns $197m. from [this] trade. Both totals will h[ave] increased this year.

Tourism is of pri[me] importance to both count[ries] with New Zealand having [a] slight edge—79,600 agai[nst] 71,400. Both conduct lar[ge] scale advertising campai[gns] selling the contrasting att[rac]tions of Australian night l[ife] in King's Cross, glori[ous] beaches, kangaroos and [the] novelty of the outback. N[ew] Zealand counters with lake [and] mountain scenery, snowfie[lds] and skiing, fishing, a green la[nd] with clean air and succul[ent] food dishes.

Dairy exports

One delicate area, which b[oth] countries are reluctant [to] discuss, but which New Zeala[nd] regards as considerable lo[ng] term potential, is that of N[ew] Zealand dairy exports. Wh[en] former Prime Minister Jo[hn] Gorton arrived for trade ta[lks] a few years ago, he opened [dis]cussions with the comme[nt] "Don't start talking ab[out] dairying. It's not on [the] agenda."

Many in New Zealand beli[eve] that a more conciliatory attit[ude] towards dairying will deve[lop] over the next few years [and] that the efficient and econo[mic] New Zealand dairy industry [will] replace some of the less effici[ent] and more costly Austral[ian] dairy production.

With Britain negotiat[ing] entry into the EEC for[mal] trade agreements will have [to] be revised and, as British p[re]ferential tariffs are scaled do[wn] Australian exports must bene[fit]. The two Tasman countries [will] certainly move closer toget[her] in the next few years and [the] Nafta agreement will assu[me] even greater importance.

Each country certainly [has] considerable good will towa[rds] the other and this will [be] transmitted into construct[ive] efforts to improve the econo[mies] of both.

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AUSTRALIA VII

Trade and the EEC

By MICHAEL SOUTHERN

In the ten years that have lapsed since Britain first signalled her intention of joining the Common Market, a great deal of change has taken place in Australia. Half of the exports directed towards Britain have been diverted to other markets. Rural industries have—through drought, floods, inflation and (in some instances) lower prices—declined. The mineral developments have taken over as the economic backbone of the country. In this time, too, Australia has seen radical changes in its pattern of trade with Japan becoming the major market, and the U.S. overtaking the U.K. in importance. So, now that Britain is preparing to become part of Europe, it is easily arguable that the impact on the Australian economy will be small.

There are the three industries in the rural sector which stand to suffer most—dairy, fruits and sugar. In the year ended June, 1970, Australia's dairy exports totalled $102m., for a total export income of $4.131m. Of the dairy exports, the British took 44m. worth. Breaking the dairy figures down, one finds however that of the total butter exports Britain took two thirds. This represented 66,740 tons from a total production of 220,500 tons. Cheese production totalled 74,921 tons, of which the U.K. took 15,157 tons, or 21.8 per cent. In the eleven months to May of this year, with total exports running at a value of $3,822m., butter's contribution was $46m. and the U.K. share of that was $29m. So, the dairy industry's contribution to the balance of payments works out at 0.24 per cent. of total exports, and the U.K. market is worth just under half of that 0.24 per cent.

The fruit industry is even more dependent on the British market. In the 1969-70 year, its total contribution to exports was $94m., of which the U.K. took half, and the EEC 10m. worth. For the fruit men, the British entry is a serious matter.

Unlike the dairy industry, fruit has not opened up one significant market in the last decade, and no important contracts have been signed for the current year. There are few, if any, alternatives open to fruit producers. So, they can look only to lower cost, lower prices and, in turn, lower incomes as a solution. Where canned fruit now has free entry into the U.K., EEC entry by the British will involve application of a 22 per cent. duty on peaches, plus 6 per cent. duty on the sugar content of the syrup, this means that to maintain the present income levels, prices would have to rise by about half again. Dried fruit enjoys a £4 a ton preference which will be changed to a 6 per cent. tariff once Britain enters the EEC. And the currently dominant place of Australian dried fruits in the EEC itself is not secure in that when fruit-producing members of the Community say they can meet the Community requirements, Australian fruits will be excluded.

The lack of new markets is not so much from want of trying, but lack of anywhere else to sell. Asians do not offer a potential market—they simply could not afford to buy fresh or canned or dried Australian fruits. As for the Japanese market, the Financial Review recently noted that if the rate of increase in consumption continues at present levels for canned fruit, it would take 2,000 years to replace the U.K. outlets. And apples, grown for European tastes, have no appeal to Asians. Exports account for 80 per cent. of Australia's dried fruit produce.

Sugar's problem is perhaps the saddest of the three. This is a highly efficient industry capable of supplying the whole EEC bloc at lower prices than it now pays, or will have to pay for beet sugar. It is becoming quite clear that if Britain enters the EEC, the sugar industry will, after the expiration of the Commonwealth Sugar Agreement in 1974, lose all of its 335,000 ton quota to the U.K. This, in 1969-70 was worth $32m., or about 26.1 per cent. of the total exports. Unlike other industries, the sugar men cannot simply go out to find other markets. They are regulated by international agreements. The U.S. market has been placed in jeopardy by the sale of harvesters to Cuba and the Japanese market of 600,000 tons a year, worth in cash $36m., is not big enough to take up the slack.

Economic argument

But in each of these industries, the economic argument is secondary. The Australian economy is big enough and healthy enough to cope with the immediate financial problems it brings. What it cannot do is resolve the social, human and political problems. One thing that has not changed is the attitude of Australian farmers that everyone in general and Britain in particular owes them a living and that they should be allowed to continue as farmers, be they economic or not, needed or not. While European farmers have had to adjust, in many cases be re-trained, the Australian farmers have done little and would not be receptive to direction of labour by a government.

In the sugar industry, more than 250,000 people living in the north of Queensland are dependent upon that 0.7 per cent. of total Australian exports to which the White Paper referred, for their living. So too is a network of railways, airlines, townships and ports. The economic redevelopment of north Queensland is not fast enough to cope with any major unemployment that the reduction in sugar will bring. A switch to other forms of rural pursuits, such as cattle, presents problems because of the size of holdings, and the fact that cattle-raising is not as labour intensive as sugar growing. And the prospects of manufacturers putting plants in this area are small: transport costs are high and any manufacturer of consumer goods needs to be near his market.

In the dairy industry, there are 55,000 farmers, their families, the milk processing factories and the towns that have sprung up to service them, facing serious problems. They do have alternatives and some have already made the switch towards beef. As rising costs take over, many have walked off. Of those who remain, a third earn less than $A1,000 a year, and 55 per cent. earn less than $A2,000 a year. They are in poverty, and this poverty will be heightened with the loss of the U.K. market. So far, the Government has failed to produce any satisfactory alternatives, and the industry itself has not been as far-sighted as it could have over the last decade, knowing that Britain would try again, and possibly succeed. So, the social problem becomes political, for farmers keep up the Country Party end of the Government in Canberra, and so give the coalition the necessary majority to rule.

On the wheat front, the impact of the EEC will be minor when one considers what the world market has done to the Australian grower over the past few years. Still, there is a certain 15 per cent. of the export crop sold to Britain, and France can clearly replace the Australians. So a further $A63m. has to be accounted for.

Hope for wool

Wool is again another story, it has suffered so much that the EEC can do little but good. In any case, the Common Market has no common policy for wool. Wool has become a symbol of affluence in a consumer society and rather than decline, one can only see hope for this currently devastated industry.

The meat industry also stands to gain. There are estimates circulating in Australia which show that the affluent society of the EEC will have a shortfall in meat production of at least ½m. tons a year—a shortfall that Australia can supply. There will not be a great deal of worry in this field if Britain joins the EEC, except among the prime lamb producers who are already in serious financial trouble. Britain takes only 8 per cent. of total beef and veal exports, and 8 per cent. of mutton. Lamb is another story, Britain takes 40 per cent. of the 40,000 tons exported, and as such is the biggest single outlet. This represents 5 per cent. of total lamb output.

In the rural sector, exports worth a total of $A229m. are at stake. These are the important influences on political thinking. There is an election sometime between now and the end of next year.

But there are other areas of concern. One is immigration. During the last 20 years, Australia has absorbed 2m. migrant workers without any effect on its employment situation. Indeed, these workers have been of considerable economic importance in that they have brought skill, knowledge and the man-power to allow this country to develop at a much faster rate than it could have without them. But now, with a free movement of people possible within an enlarged Europe, and living standards rising quickly, it is thought feasible that those who once sought to come to Australia may simply move around the EEC for jobs—Italians to Britain, Britons to other member countries with a shortage of labour, such as Germany. This could lead to a serious downturn in the quality of immigration, and, in turn, a slowdown in economic growth.

More important too is the question of capital inflow. It is widely expected that once Britain joins the EEC there will be an immediate diversion of capital funds from Australia into European projects. In the year to March last, net apparent capital inflow into Australia totalled $1,400m. April and May both ran at well over $220m. each. A lot of it was retained earnings. How serious this situation will be is still academic—bankers, economists and Government are simply waiting for the slowdown, and hoping that it will be a short-term measure. Others are taking a more optimistic view that London, as the financial centre of a Europe in which money can move freely between countries, will be diverting some of the excess European capital into Australia.

There has not yet been any indication of possible alternative action for this country if Britain does go in (and there are still some who constantly note that Britain is not there yet). But it is clear that Australia will soon have to find a trading bloc that it can work with.

No clear line on U.S. alliance

By GEOFFREY FAIRBAIRN

It is now just over 30 years ce Mr. R. G. Menzies (as be en was) began to make deter- ned overtures, in terms of eking a military alliance, to at he called the "great and endly power" across the cific; it is only a few months s than 30 years since he got at be called a "full-blooded iance" with the U.S.

The Japanese seizure of the ain of island bases in the uth-West Pacific, along with raid on Pearl Harbour on cember 7, 1941, were alone ponsible for the forging of s alliance; Australia had be- ne a strategically vital base the U.S. counter-attack. But er the years the hard facts that peculiar situation have en obscured by what has been resented as not only a pecial relationship," but a ry Special Relationship, ied—so the argument has en run—on a peculiar affin- between the two peoples.

This notion was reinforced by ANZUS Treaty of 1951. The andiloquent description of the aty offered by its chief Aus- lian architect, Sir Percy ender, would have been epted (and probably still is epted) by the majority of stralians over 30 years of : "It is a Treaty which ords, while it endures, the tective shield of the might- t power in the world, against armed attack upon our coun- no matter from what nation t armed attack might come."

ustralian foreign policy thus ame a branch of Australian- erican relations as far as Asia concerned, just as Austra- s foreign policy up to 1941 simply been a branch of erial relations. As the inguished Australian com- itator, Mr. Bruce Grant, has it, the policy has long been maximise Australian depen- ce, first on Britain and lately the U.S." The more honour- and old-fashioned Liberal tical leaders have come ally to attach the word yalty" to American-Austra- relations.

Peking gaucheries

a context so redolent of tionalism, so bereft of any ept of very particular onal interests, the lot of the e Minister, Mr. McMahon, not recently been a happy Despite the somewhat h Heep-ish performance in ng of the Opposition leader, Whitlam, in which he ared to go out of his way uitously to insult a ber of Australia's neigh- s, including its best omer, Japan—he was in fact ly outsmarted by an easurably abler man, Mr. En-lai, who carefully t from a very special pack propaganda cards—the inger visit to Peking did ar to ratify the meaningful- of Mr. Whitlam's presence e, even if President Nixon's ouncement certainly did not Mr. Whitlam's occasional heries.

McMahon was left giving impression — perhaps ines- ble in present circum- es—of not only being tem- rily left flat-footed by rican moves but also of not at all sure what to do It is true that the Depart- of Foreign Affairs is not strong on China experts departmental jealousies in erra appear to become so tionalised as to preclude g upon the advice of dis- ished China experts in areas of the public e.

t to dwell on such matters d be to miss the point, relates not to expertise ina but to the deeply em- ed, yet altogether eous assumptions about nature of Australian/ ican relations in the stra- field. In this regard, the ties offered on Australian o the U.S. nuclear weapons m is of interest. Though has been debate in ament about the control of such facilities, their general desirability for the Australian national interest has not been effectively contested so far as the public at large are concerned. It seems rather that many Australians have taken comfort in a belief that these installations, which are very important to the American world defence system, make Australia indispensable to the U.S., without being concerned about the fact that such indispensability would make Australia involved if the U.S. were subjected to nuclear attack. However, as the infirmities of the new American stance become more clear—not least in Washington's desperate efforts to extricate its stricken army from Vietnam before it disintegrates — then these American strategic facilities might well become the subject of next year's "protest movement."

What is truly crucial in Australian-American relations at the present time are the growing doubts about the stability of the U.S. itself. Here, the financial and the economic measures taken recently by the U.S., following so quickly the great volte face in that country's Asian stance, are very disquieting, despite the fact that the consequences remain uncertain. As a result of U.S. capital inflow providing some 10-15 per cent. of Australia's invested funds in recent years—and as a result of special long-term U.S. credits which absolved defence expenditure from having to absorb too large a part of that capital inflow—Australians have, in the words of the financier, Sir Ian Potter, "assumed a highly optimistic attitude towards their future."

It appears that capital inflow is not so far threatened by President Nixon's stringency, and it has been this inflow that has offset the current deficits. "In effect," as a financial journalist has put it, "Australia is financing her payments for shipping, and the interest and profits on foreign-owned investment by selling still more and more of her land and industry to foreigners." The dollar crisis, clouded as the mysteries of international finance are to most Australians, has already clearly added to the great Australian loneliness that is just beginning to afflict the country.

It is beginning to be dimly realised on a wide front that Australia just does not have great and powerful—and dependable—friends anywhere in the world. There will doubtless be hopes placed next, in some quarters, upon Australia's best customer and the natural counterweight to China in South-East Asia. But in the foreseeable future, considering Asia in strategic terms, Japan will remain to some extent a prisoner of the U.S. for one simple reason: the utter exposure of its small islands to nuclear holocaust.

It is perhaps reasonable to suppose that within a decade this relationship will have dramatically changed, that within that time Japan will have come to play a major military role. In the meantime prudence would demand of Australia a determined defence policy which would enable Australia, as it was put by the recently deposed Defence Minister, Mr. John Gorton, to extend "our frontiers to the shorelines of other countries, from which we may be attacked."

However, it does not seem that the present Government could embark upon, let alone sustain, such a policy. Nor is it any longer really very likely that the public will permit it this option, even if it had the will. Liberal governments have for more than two decades represented themselves, probably not altogether spuriously, as alone fitted to sustain the Australian-American alliance, as conceived in the old terms.

Mr. McMahon's present discomfiture, as heir to the old tradition and in no way as a statesman in his own right, stems from the fact that the nature of the Australian-American alliance is becoming increasingly obscure, particularly so far as Asia is concerned. Unfortunately for Australia, the Labour Party shows no signs of giving the country a moderately conceived independent leadership appropriate to the rapidly changing world scene. Until both parties realise that henceforth Australian-American relations are but part of a rapidly changing world scene, Australia will continue to flounder.

AUSTRALIA VIII

On this and the next page, a look is taken at the structure of the capital market with articles on the securities market and banking.

Stock Exchange boom has suddenly turned sour

By LESLIE CARLYON

AFTER the pleasure, the pain. The degeneration of Australia's torrid share boom has brought turmoil to the securities industry—an industry which just two years ago bubbled out optimism like some eternal spring.

The turmoil is compounded of three related elements. First, there is the collapse of the speculative share boom itself. Second, there is the recession this collapse has brought to the broking business. Third, there are the ethical problems of the broking industry. The market collapse brought much moralising, a little witch-hunting, a spate of Government inquiries, and much criticism—most of it justified—of the way Australian stock exchanges are run.

The tinselly wand of the mining boom transformed Australia's exchanges. Turnovers soared: between 1966 and 1970 the annual turnover in mining scrip on the Melbourne Exchange rose from 40m. to 1,122m. shares. The public, mesmerised by the huge capital gains made in stocks like Western Mining, crowded back into the market. Brokers found themselves dealing with gullible and inexperienced clients, and institutional business suddenly became relatively unimportant. And there was a new force pushing share prices up and feeding that eternal spring: foreign portfolio buying, mainly from Britain. In the decade to 1969, foreign share purchases totalled $A778m. Half of this came in the two years to 1969.

Share turnovers

What a convulsion when this wonder world began to disintegrate. It began to collapse early last year when the Tasminex myth exploded. Tasminex shares raced to better than £40 on the London Exchange on talk that the company (a small-scale explorer) had uncovered a huge nickel deposit. It was soon clear that the company bad found little to justify a share price of £1—let alone £40.

The trauma which began with tbe incredible Tasminex has been long and conclusive. Share turnovers, for instance, have fallen spectacularly. In January, 1970 (thc top of the boom) the value of oil and mining dealings on the Sydney Stock Exchange was $A233m. In January this year it was $A34m. Confidence in mining issues was soon in tatters; indeed the names of the wilder speculations bave become dirty words. There are now few speculative mining floats—for the impeccable reason that no one wants them (at the beight of the boom up to a dozen floats would be announced in a week). In any case, tougher stock exchange listing rules have deterred the promoters who so skilfully exploited the boom mentality.

The inflow of foreign portfolio money, which once underwrote a boom, bas become a trickle. British investors are disenchanted, and wbo can blame them? There may be a small inflow from Japan later in the year, but no one is excited by the prospect.

In other words, no one expects the boom to spring up magically from soma dormant ember. There are just too many factors against this happening. For long it was argued that "anothar Poseidon"—another great nickel discovery—could resuscitate the boom. No more. Tha last ember, it seems, bas already been extinguished.

All this bas spelt recession for the brokers, and austere times for other sections of the securities industry. Unit Trusts are having difficulty attracting customers as are the professional advisory firms. There is less business for the dozens of merchant banks which sprung up during the boom.

The fall-off in broking business has meant that most Sydney and Melbourne brokers are now on losses. Eight broking bouses—three in Melbourne, two in Sydney, two in Adelaide and one in the provincial city of Ballarat—bave collapsed. One Sydney broker bas been quoted as saying that it costs his firm $A5,000 a day to open its doors.

Many brokers are nnw worried about the cost of trappings they acquired during the boom—trappings like sumptuous offices in high-rental skyscrapers, highly paid researchers, branch offices bere and there. Many firms have been forced to sack. At the peak of the boom there were about 5,000 peopla working in the Sydney broking industry; now it employs about 2,500. There have already been several broking mergers; more seem inevitable.

For brokers, all the financial agonies of the recession bave been aggravated by mental agonising about bow—it is no longer a question of "if"—the exchanges should reform themselves, and how *much* they should submit to outside control. The attacks on the traditions of the industry have been so severe, so persistent, that it has begun to nurture a siega mentality. And while it is true that the exchanges bave spewed out some reaction, there has already been more reform, more talk of reform, more *radicalism, within* the industry than for the whole of the previous decade.

Brokers blamed

There is now resignation tbat the charmed old world society of share broking is becoming irrelevant. It is no longer a defence to maintain that "we are all good chaps." It is a time of bewilderment and cynicism among brokers.

The small arms fire against the industry has come from a public disenchanted with the share market and inclined to blame brokars for their own follies. A Senate committee, set up after the Tasminex affair to investigate the industry and how it sbould be controlled, has fired most of the bowitzers. Its aim has been uncanny. The Senate committee bas been piling up evidence all year, layer on fateful layer.

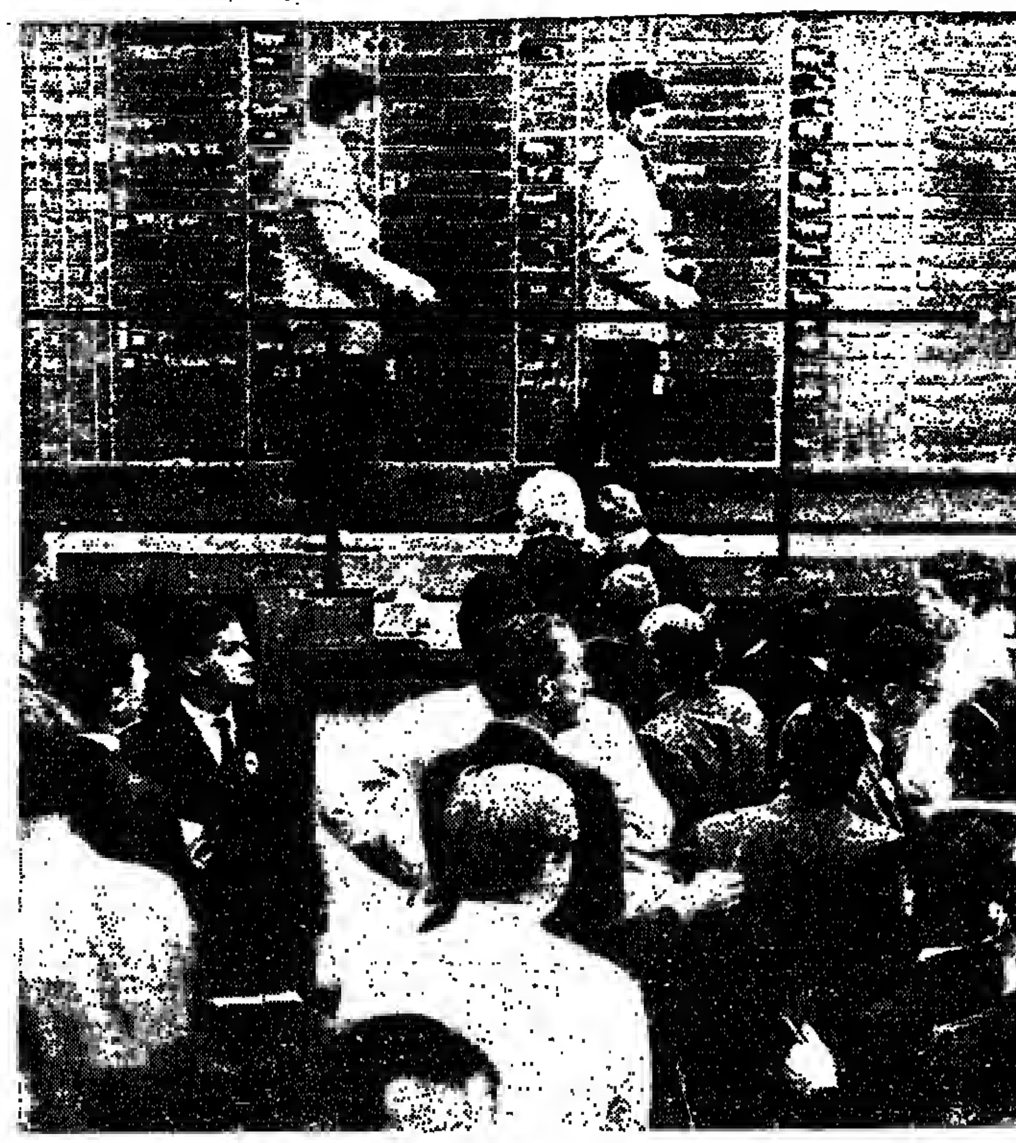
It has established that the broking industry has enormous difficulty regulating its own members, let alone listed companies, that excbange hierarchies gave little thought to practices like short selling, brokers dealings as principals and brokers sitting on Boards of public companies. It has exposed the differences in style and philosophies between the six mainland exchanges. Perhaps most damning of all, the committee bas found that exchange executives have no clear portrait of their own industry—and therefore cannot be certain of its stability, its efficiency, or whether it is being run in tha public interest.

The Senate inquiry, while producing a few self-interested yelps, has had a salutary effect. It bas encouraged unification in the industry. The exchanges have recently announced plans for a *national stock* exchange with a permanent full-time president. This should sweep mucb of the parochialism from the excbanges. Responsible exchange spokesmen now admit that the bourses must improve their regulatory machinery. Some even admit that outside cootrols are needed.

Looking ahead, one can see brigbter times. With sanity returning to the sbare markets there are signs that "value" migbt be returning to prices. Tbe definitive portrait of the industry from the Senate committee should, at worst, enligbten the debate on how the securities business should be policed. The increased use of computers should encourage tbe tendency towards a national sbare market and strengtheo the casa for national regulation.

How much sbould the exchanges be cootrolled from outside? Whb should exercise this control? The Federal Government? Six State Governmeots? What sort of share markets we want? These are the qu tions the industry will be deb ing ovcr the next ycar.

Ob, for the days wh Poseidon sbares were £1(when nickel was king, wh Western Australia was thoug to be just one great nickel pr vince, and much of Australi mining was done vicariously tbe public galleries of the e cbanges. Everythiog seem so simple.



A hectic time at the Sydney Stock Exchange.

Strong currency position

By KENNETH DAVIDSON

Until Japan's surprise decision to let the yen float, Australiao monetary authorities *in* the Reserve Bank and the Treasury were "sitting on their bands" in the international currency crisis precipitated by the Nixon Administration.

If the yen settles around an effective 10 per cent. revalnation bowever, there is expected to be pressure on the Australian Government for an upward movement of the Australian dollar by 6 to 7 per cent. against the U.S. dollar compared with the pre-currency crisis parity.

With the yen up against the U.S. dollar, a 6 to 7 per cent. *revaluation* of the Australian dollar would be tha minimum necessary to convince the rest of the world that Australia was on a realistic new parity without the prospect of a further revaluation at some time in the near future.

Embarrassing rate

There is a need for an appreciation of the Australian dollar, not only because of the potential pressures of a flow of "bot" moncy from overseas (and indeed to deal with the present level of capital inflow which is already on the high side) hnt also to ease domestic inflationary pressures.

So far this year the rate of increase in Australia's international reserves have been embarrassing and clearly Australia has becn moving towards a situation where it would be clear to the rest of the world that the Australian dollar is undcrvalued.

In ooe sense the present instability in currency parities is to Australia's advantage. It will provide an impetus for a revaluation which, it could be argued, sbould have takcn place in any case but which was unlikely due to the pressure of exporting interests and protectionist manufacturers who still have influence within the Country Party segment of the coalition Government.

Assuming that Australia doea revalue by 6 to 7 per cent. then it is likely that the balance of payments forecasts for, 1971-72 will have to be revised downwards. It is less likely that Australia's international reserves will make anything like the spectacular gains of the last financial year.

In the monetary sense stability in Australia's reserves would be welcome.

Prior to the U.S. announcement of the 10 per cent. surcharge it was expected that Australia's current account balance would contract even further in the current year. Probably the best assumption which can be made now is that the current account deficit will *be about $800m. which was the* level in 1970-71. The main reason for this assumption is the belief that the ultimate aim of the U.S. Administration is to cboke off Japanese exports by fair means or foul. Both the yen rising substantially against the dollar or the surcharge remaining on, would mean tha growth in Japanese exports to the U.S. would be slowed down. This will in turn slow down the growth of Australian raw material exports to the U.S.

The impact of the currency changes on other competititors in the Japanese market against Australia must also be considered. Although a 6-7 per cent. revaluation by Australia compared with a 10 per cent. Japanese revaluation is effectively a devaluation of the Australian dollar against the yen, it is unlikcly that couotries *such as Brazil*, South Africa and India—whicb all supply raw materials in competition with Australia—would revalue to the same extent as Australia. By comparison to Australia these countries all have balance of payments problems.

New Zealand is in fundamental balance of payments disequllibrium and it is unlikely that it would upvalne its currency against the U.S. dollar more than necessary to maintain parity with sterling. Again this will tend to give *New* Zealand exporters to Australia a further edge and

Continned on next page

AUSTRALIA IX

Local banks battling against overseas competition

By DESMOND KEEGAN

The trading banks bave learned to live with their diminisbed direct roles in the Australian financial world but they bave yet to prove they can compete effectively with the flood of foreign financiers now hanging out sbingles.

The banks bave diversified a lot because the traditional end of the scene has been frozen into a pre-war lending profile by monetary policies designed to contain inflation and counter balance-of-payments crises. And so far tbe banks have competed effectively with each other in consumer instalment credit and various other fields around the fringes of conventional banking activities.

But, a recent influx of "merchant" and "venture" banks has added about 70 new competitors of varying strength and reputation to the financial structure. This dramatic upsurge in effective competition should be healthy for Australia, but it might shock the old trading banks which have not had too much real competition in the past.

For the first time Australian financial bouses are being compelled to compete at bome with big, wealthy and vastly experienced foreign merchant banks. Unfortunately the banks are entering the fray with the added bandicap of huge cheap loans to the rural sector made to comply with politically motivated Government fiat.

Many of tbe newcomers are linked with the genuine merchant banking houses of London (Hambros Bank, Samuel Montague and Co., J. Henry Scbroder Wagg and Co., Lehman Bros., Hill, Samuel and Co., N. M. Rothscbild and Sons, Baring Bros and Co., Cater Ryder and Co., The Chartered Bank, Kleinwort Benson and E. D. Sassoon and Co.). There are many other British houses involved.

Othec arrivals bear U.S. names such as Philadelphia National Bank, Crocker Citizens' National Bank, Irving Trust Company, Morgan Guarantee Trust Company, Cbase Manhattan Bank, Continental Illinois National Bank aod Trust Company, Manufacturers Hanover Trust, Cbemical Bank, United California Bank, Wells Fargo Bank, Bankers Trust Company, Marine Midland Bank, Bank of America, First National City Bank.

There are also many other strong financial bouses being established by companies in France, Germany, Switzerland, Japan, Holland, Italy, Belgium, Canada and Hong Kong.

The arrival of these world-famous names coincide with Australia's elevation to the top few world raw material sources. And, ohviously, exploration, development, processing, shipping and insurance in the raw material world calls for vast capital infusions and generates extensive needs in banking and allied service fields.

Medium-term loans

Many of the new financial institutions are both capital mobilisers and sources of management skills. These newcomers should find the medium-term loan demand field very easy to contest with the incumbent trading banks. The major trading banks have generally ignored longer-term loans in favour of providing working funds on overdraft facilities. Many of the newer financial institutions might prefer longer-term loan currencies comhined with equity stakes.

They are generally not welcomed by the Australian banking establishment which bas extensively advertised the "free enterprise hanking system" but preferred the club atmosphere in practice. Mr. Lang Hancock, who hawked the Pilbara iron fields around unsuccessfully for years, and other raw material project developers (Robe River iron . . . Admiralty Gulf bauxite) could attest to the lack of venture capital in Australia. The Australian banks reply with a first plea for the Government to dismantle some of its restrictions so that trading banks can expand in their normal role rather than in fringe areas.

They say, too, that they bave taken a great role in Australian development through the Australian Development Resources Bank wbicb bas raised about $400m. for projects involving loans ranging from $500,000 to $60m.

The ADRB is owned by the trading banks, backed by a couple of state trading banks and the Reserve Bank and operated under a Commonwealth Government Act. It is founded on the need to step around some of the monetary policy restraints and a desire to take a stake in the country's development. It bas proved a suitable vehicle to take some stake in the country's development while still enahling the banks to provide a flow of funds to personal and commercial borrowers.

At base the trading banks feel that the Federal Government ia compounding its economic management problems by letting the fringe bankers expand in areas outside the present control of the monetary authorities. And the major local trading banks (only the British-owned ANZ Banking Group is foreign) clearly resent overseas affiliated bankers and financiers entering the profitable and uncontrolled end of Australian fringe finaoce.

The banks claim (without much proof) that there is little scope for the substitution of additional financing as an alternative to the expansion of Australian banks because the country has a sound stock of foreign currency. But, this is dehatahle because Australia's splendid stock of foreign exchange is founded on capital inflow. Australia pays its way on merchandise trade hut its net invisihles run around $1,000m. a year in the red. The gap is bridged so far by retained corporate earnings, horrowings and other capital inflow.

So the Australian banks are arguing on slender grounds in suggesting that the country can get along without the additional financing provided by the foreign banks. Until the great upsurge in mineral exports forecast for the mid-1970s Australia might be on safer ground to accept most available funds.

The big thrust into fringe banking by the foreigners is typified by the August link between Mellon National Bank and Trust Company of Pittsburgh and the little Australian company, Network Finance. Mellon is taking a 17 per cent. stake in the equity capital of Network Finance and the U.S. group has the option to take another 3 per cent. Network also issued convertible notes to the Mellon Bank which, after the exercise of the options, would give Mellon Bank a 25 per cent. stake in Network Finance. Hooker Corporation has 25 per cent., Fidelity International Corporation 7 per cent., the Prudential Assurance Company of the U.K. 5 per cent. and the Australian public 38 per cent.

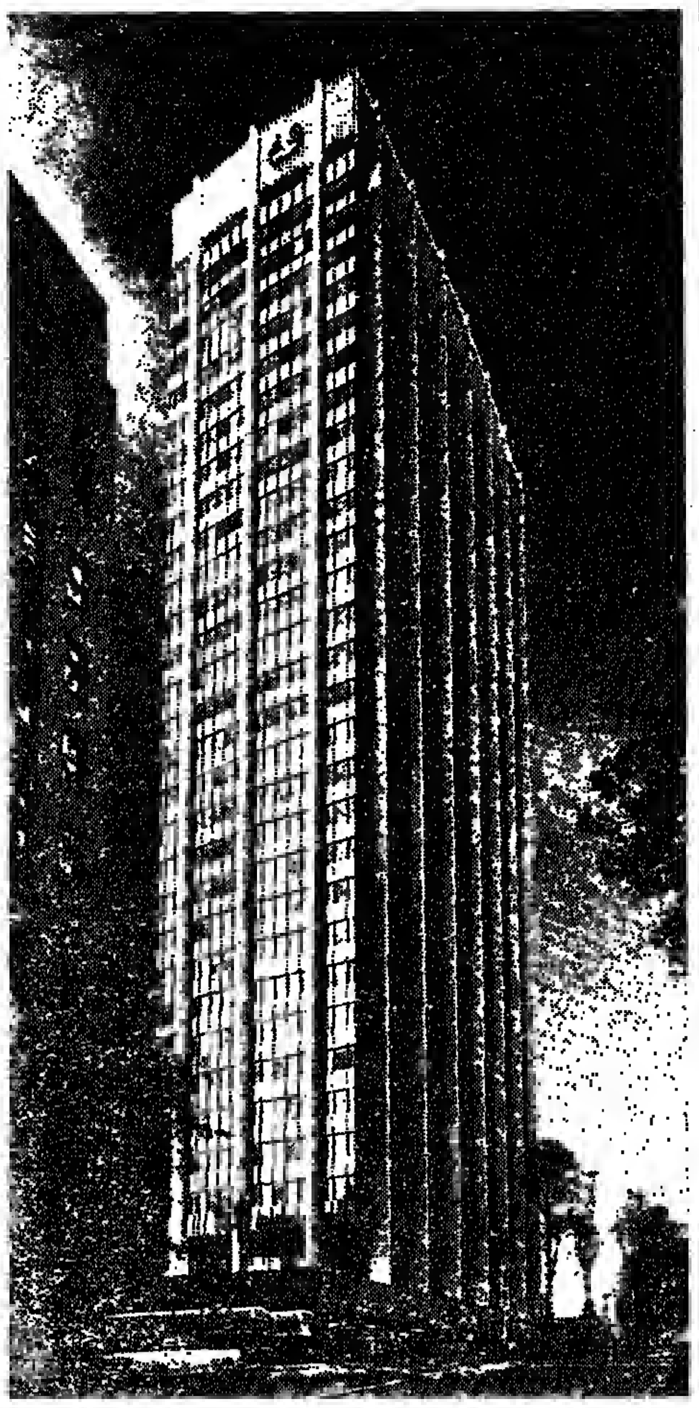
Network Finance presently gears its borrowings in a two-to-one ratio with its sharebolders' funds. With the backing of the wealthy Mellon group tbe gearing is expected to rise to about five-to-one. That's the stuff that expansion is made of and that's also the thing the trading banks bave opposed, especially the foreign link.

Hire purchase

The trading banks have cashed in on the fringe banking hy taking up large equities in major bire purchase financiers. And the hire purchase financiers have had good trading over the past year so the banks have been able to maintain their own profits in something like an acceptable growth pattern.

Alliance Holdings has lifted net profit hy 17 per cent. in the latest financial year with others (Custom Credit and Associated Securities Ltd.) running about 30 per cent. ahead of the previous corresponding period.

But the real challenge to the major trading hanks probably lies in their own bailiwick in conventional banking activities developed a century ago. The Mineral Securities (MINSEC) crash put paid to the casual on-the-nod short-term money market and sent operatocs scurrying back to first-class paper. The major trading banks were sought after with a heavy demand for bank-endorsed commercial bills in the 90-day, 120-day and 180-day maturity range. The bank-endorsed bill market grew to great size in the wake of MINSEC and some fine money market operators suggested that the hanks could simply hring the unofficial money market back in their control if they so choose. The hanks may not wish to develop the endorsed bill side of finance all that much but somebody will hecause the commercial bill market is growing and its pace is rapid.



The Bank of New South Wales, Sydney.

Another area where the banks could grow is in the longer-term end of the capital structure where advice and expertise is also attached. The banks have traditionally not been geaced to offer commercial and assessment facilities attached to the medium-term loans.

The monolithic structure of the Australian branch banking system has virtually strangled tbe assessment function of banking which has tended to train managers moce in the public service mould tban in the capitalist venture strain.

But this is not so with the newcomers from the merchant and venture banking scene. They can assess a project and they will provide funds attached to equity gauged by their own experts and backed with big money.

The major Australian trading banks are protected to a great extent because foceign banks cannot get a licence to operate in this country. But, depending on their initiative, great expansion is to be had and profits should sit on a steadily ascending line during the 1970s. The shock effect of the incoming foreign banks could startle the Australian banks into some imaginative and dynamic initiatives. Indeed, there are signs that the banks will end this decade with some of the prime mover qualities they had several generations ago.

Strong currency position

— (Cont'd.)

Continued from previous page

at the same time make it more difficult for Australian manufacturers in Australia's most important export market for manufactures.

Unfortunately, most of Australia's long-term iron-ore contracts with Japan have been signed in terms of U.S. dollars. To tbe extent that Australia revalues against the U.S. dollar this will slash export revenue hy the extent of the revaluation. However, this will be offset to some extent as the borrowings to finance this development has also been written in terms of U.S. dollara.

Geographical basis

In general of course, a revaluation of the Australian dollar would tend to benefit Australian exporters by slowing down the pressure on costs. And the price effects of changes in currency parities can be overemphasised in assessing the impact they will bave on Australian exports. In the age of the multi-national corporation world markets tend to be split up on a geographical basis and chaoges are unlikely to occur simply because of relatively marginal price changes as a result of parity changes in currencies.

The parity changes are likely to have a far larger impact on capital movements. Speculative movements apart, the net result of an appreciation of the major currencies against the dollar will encourage investment in the U.S. On balance, the Nixon package is likely to bave an inflationary impact on the domestic U.S. economy. This will tend to make investment in the U.S. relatively more attractive leaving less funds available for investment abroad as imports become less competitive witb domestic products and export markets bocome more profitable.

As the U.S. providea around half Australia's foreign investment funds there can be expected to be a falling off of funds from thia source and from the Euro-dollar market.

However, the net apparent private capital inflow last year was almost twice the amount needed to finance Australia's current account deficit. It would be difficult to imagine a situation where the capital inflow fell away to the point where it was not sufficient to cover the current account deficit.

Strong reserves

Although there are nnmerous unknowns in the current currency crisis which have not even begun to be resolved it is difficult to see Australia's international reserves being eroded. And even if they were, at $2,300m., Australia could more than stand the strain without making fundamental policy changes affecting the domestic economy.

AUSTRALIA X

The past decade has seen the emergence of mining as a dominant sector in the economy. Articles on pages X to XIII analyse the fortunes of the major minerals.

Miners look for new markets

By LESLIE PARKER, Mining Editor

Just a quarry for Japan, that is what the cynics were saying about the great Australian minerals explosion in the 1960s. Now they are more worried about whether the "quarry" may not prove too big for that country and whether other countries can be persuaded to delve into it for their mineral requirements. At this particular moment in the cycle of world trade in relation to the demand for metals a hard sell undoubtedly lies ahead.

Minerals are certainly in one of their periodic phases of oversupply. But as history has shown and will undoubtedly show in the future, the overall demand growth leads the cyclical patterns to ever higher levels. It is this which spurs governments, or at least those which are fully aware of the facts of life, and big, highly sophisticated mining groups into the expenditure of huge sums of money in the drive to discover new ore deposits.

Worked out

They always bear in mind the one stark and indisputable fact that the products of the world's second largest industry are constantly becoming worked out and that their replacement by new discoveries is absolutely vital if life itself as we know it ia to be sustained.

Australia is thus still entitled to look forward to an era of expanding prosperity for its mineral industry based on the many discoveries already made as the result of a large and growing exploration programme that has now been in progress for some 15 years. The importance of these finds—and there should be more to come in this vast continent—should not be obscured by the scandals and collapses that have beset the stock markets both during and after the two great boom periods and the loss of credibility that has unfortunately been fostered by various wild or unwise statements by over-enthusiastic managements.

The fact remains that the export income from the minerals industry which had already expanded to just over $1,000m. by 1969-70 could more than triple by the latter part of the present decade, an official projection that could prove conservative, based as it is on information available up to June, 1970, and on firm contracts and known industry commitments as at January 1 of that year.

The backbone of it all, the iron-ore industry, has been built up in a quite spectacular way. It all stemmed from the lifting of the embargo on exports of iron-ore back in 1960. This opened the way for huge contracts to be made with Japan's rapidly expanding and raw material hungry steel industry. In turn the Australian Government's decision to lift the embargo was based on the realisation that the iron-ore deposits of the Pilbarra district of Western Australia were so vast—some of the largest have yet to be exploited—that they went far beyond the requirements of the domestic iron and steel industry.

Although Japan is by far the major buyer, the export horizon has since been broadened to include Europe despite the long haul involved. Whereas Australia's internal consumption of iron ore more than absorbed local production in the early part of the '60s it is now estimated that, even allowing for expansion of the domestic industry, it is unlikely to require more than 20 per cent. of iron ore output, which will thus remain very much of an export exercise.

In the circumstances brought about by the recent U.S. moves in defence of the dollar and their possible effect on the Japanese economy the industry will obviously have to keep its fingers crossed. While further growth undoubtedly lies ahead it must, of course, be borne in mind that an export expansion the speed of which has transcended that of any other Australian commodity will in any case have to slow down after the breakneck pace of the past four years.

Bauxite finds

Following hard on the heels of iron ore in the Australian minerals spectrum has come the rapidly growing aluminium industry. True, it was as long ago as 1955 when aluminium as such was first produced at Bell Bay in Tasmania. But it was not until the '60s that the country became an exporter based on the huge bauxite finds made at Weipa in northern Queensland and elsewhere.

Thus production of bauxite, the raw material from which alumina and finally aluminium are fabricated, soared from a mere 69,435 tons in 1960 to 7,796,000 tons in 1969. Output of alumina in the same period rose from 29,801 to 1,901,000 tons and of aluminium from 11,665 to 124,423 tons. Although there is now a considerable export element in the situation, it should not be overlooked that domestic demand for aluminium products has been growing strongly.

Australia's strength as a source of bauxite lies in the fact that the deposits are simple to mine and are generally within easy reach of the coast. The main ones are at Weipa in northern Queensland, at Gove in the Northern Territory and in the Kimberley district and the Darling Range areas of Western Australia. Total ore reserves could be approaching 4,000m. tons. The scope for expansion is, in fact, virtuall[y] limitless providing the marke[ts] can be found.

Integration is the keynote o[f] this particular industry, wit[h] ambitious plans for expansion i[n] the production of both alumina which in particular will be quit[e] highly export-orientated, an[d] aluminium, which is likely t[o] have much less importance i[n] this respect.

It has been estimated tha[t] production of bauxite by 197[...] could top 25m. tons per annu[m] of which around half could b[e] exported, whereas between 8[...] and 90 per cent. of anticipate[d] alumina output may be on th[e] export list. The percentage fo[r] aluminium itself might be a[s] low as 30 per cent.

Playing a major part on th[e] alumina side of the industry i[s] the Gladstone plant on th[e]

Continued on next page.

Hamersley ore train in the Pilbara.

Iron ore industry meets political trouble

By DON LIPSCOMBE, Perth Correspondent

The iron ore industry, after having been a story of unfettered success during its first decade, has bogged down during the past six months in a political mire. Mr. Lang Hancock, whose discoveries in 1952 triggered the iron ore boom that has had such profound effects on the national economy, is the key personality in this. And in his desire to graduate from being the man who earns royalties—an estimated $44m. worth on current finds—to a mine-owner and possible steel producer, he has thrown a spanner into the industry's transition to its second phase.

In its first phase, the Pilbara industry involved mining of direct shipping ore by Goldsworthy, Hamersley, Mt. Newman and, before the end of next year, by the Robe River venture (after a prolonged series of setbacks culminating with the collapse of Mineral Securities, which was to have been the financial key to the Australian end of the operation). Next in line stood Hanwright, the partnership of Mr. Hancock and Mr. Peter Wright. And Mr. Hancock has claimed it should be simply a matter of slipping a piece of carbon paper under old agreements to give Hanwright front-running in the next wave of developments in the industry.

Cash flows

It became evident well over a year ago that this was not to be the case. The level of demands was heightened. While the Pilbara pioneers were able to pay for their capital costs with the cash flow from sales of direct shipping ore, which also financed commitment to the processing stage, the previous conservative administration in Western Australia wanted new rules for the next group in; and Hanwright stood at the front of this line.

Before the February election, the State Government advised that it would withdraw Hanwright's rights to prospect if it were elected, unless the company fell into line with long-term planning. Mr. Hancock is an avid anti-socialist, whose pronouncement on politics and Government are ribald and reactionary; yet the socialist Labour Party backed his claims. And when Labour won the election, a politically unnatural alliance built up.

The first real cracks in this facade appeared only this month. Earlier, the Hanwright tenements were slashed back to three on which the company was working in association with several major mining groups. Conditions were toughened. Hanwright continued working on others, including the crucial Angela deposits which the State Government had earmarked for a ministerial reserve to sweeten ores of existing companies that were low on iron content or high in impurities. Hanwright was given until August 12 to get off this reserve, and a bitterly contested dispute is emerging from this ruling.

The Hanwright-Labour-Liberal triangle has tended to overshadow all other developments in the industry, and has blocked the industry's crossroads. Meanwhile, the other companies are growing steadily, but not without their problems. Of these problems the slowing rate of growth in the prime market, the Japanese steel industry, is the most pressing.

Outback town

Goldsworthy, first to export from the relatively small Mt. Goldsworthy deposit near Port Hedland, lifts its sights next year with a shift to Shay Gap, where it will be supported, incidentally, by perhaps the most imaginative outback town in Australia, designed more around the needs of the women than of the miners and the mine. Hamersley has been industry leader, but is finding that the pace of early development is starting to tell: consolidation will be the key word for the coming year.

Mt. Newman, after a particularly difficult start, doubled throughput in the past year to 13m. tons, and is at a stage where rejection of offers or approaches to the Japanese mills is not likely to cause any serious setback to long-term planning. And the Robe River project, which has faced savage lobbying in its tedious preliminaries, is well advanced in construction. Initial contracts provide for 10.6m. tons throughput a year. Initial design capacity allows for this to be doubled effortlessly, and currently the company is offering incremental tonnages to the Japanese. While this is going on, the company's design is being lifted again to enable the tonnage mined, pelletised and shipped to be trebled from the level of contracts tha[t] got the venture started.

Pilbara concepts and philo[-]sophies developed under th[e] former Minister for Industria[l] Development, Mr. Charles Court are only now being hammere[d] into workable shapes by plan[-]ning committees under Labour. Despite talk of changes, an[d] criticisms of the previous Gov[-]ernment's ideas, no effectiv[e] differences are apparent. Th[e] established mining groups ar[e] being encouraged to get bigge[r]. Terms of entry for newcomer[s] are being toughened. The nex[t] shift in emphasis will be fro[m] iron ore mining to increasingl[y] advanced processing. And i[f] the new Government's earl[y] planning can be made to wor[k] this will open up a whole regio[n] culminating in a new port abo[ut] 150 miles north of Perth, givin[g] some of the smaller iron or[e] deposits a chance to becom[e] mines.

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Nickel producers get added encouragement

By KENNETH MARSTON

Old-timers in Australian mining before the turn of the century were mostly interested in gold as, indeed, were so many other miners working away with candles stuck to their hard hats in the dark underground world. Nickel was regarded largely as a nuisance and it was not surprising that in even earlier days its name was linked with that of "Old Nick," another inhabitant of the dark regions.

And, as far as Australian mining is concerned, nickel has become of importance only in very recent times. But it is there for the lucky finder, and, too, for the unlucky finder of "Old Nick" who tends to spend more of his time on the stock exchanges. Western Mining's nickel discovery at Kambalda in Western Australia in 1966 touched off a share-market boom and bust cycle that made and lost fortunes, but also unleashed a wave of intensified prospecting activity that still has a long way to go yet.

Apart from Kambalda, which is now mining nickel ore at a rate of around 30,000 tons of contained metal per year, other properties in production are the small, but high-grade Nepean mine of Metals Exploration and Freeport Minerals, and the Scotia property of Great Boulder and North Kalgurli. The country's production is still relatively tiny, amounting to around 8m. lbs of metal a year, much of which is refined overseas, compared with a world total of some 1,000m. lbs.

Major ventures

These three producing mines are only a start. In October, for instance, Great Boulder and North Kalgurli are to begin mining at their Carr Boyd Rocks property. Mid-1972 is to bring the start-up of the Spargoville venture of Selcast Exploration, a company which is presently owned as to 83 per cent. by Selection Trust and Consolidated African Selection Trust.

Towards the end of next year Poseidon's Mount Windarra "wonder" mine should be in production while, away in Queensland, the big $200m. (£93m.) Greenvale property which has been so patiently studied by Metals Exploration and Freeport is due to come on stream in 1974.

Of the major exploration ventures which are virtually certain to result in nickel mines, high hopes are held for the recently announced find at Agnew in Western Australia of the Selection Trust group. Promising, too, is the discovery made in ground adjoining that of Poseidon by the U.S. Union Oil, Hanna and Homestake trio.

Also in Western Australia, the Widgiemooltha area comes into the picture. Shaft-sinking is now being carried out at the prospect here of Broken Hill Proprietary and International Nickel. Similar work is being done at the Redross and Wannaway deposits of the Anaconda-Conzinc Riotinto-New Broken Hill team.

Also in Western Australia lies one of the most fascinating possibilities of all. It is in the Mount Keith area where the senior partners, Freeport and Metals Exploration, have already outlined a huge 250m. short tons of ore. The grade, however, runs only at a borderline 0.6 per cent. nickel and while viability and metallurgical studies continue, it seems that the partners will want to wait for a higher metal price before they are prepared to take the plunge in a project which will require huge capital expenditure.

Only time will tell what other finds are likely to emerge, but any of the small fry exploration companies—and Poseidon was once one of these—who are successful will have no difficulty in finding a powerful partner to finance them, although the terms which the big brother will demand may be another story.

Western Australia is shaping up to become one of the world's nickel producing areas and, unlike the important developments in New Caledonia, it does not have the political uncertainties which worry customers who are prepared to place long-term contracts. Like the rest of Australia, however, the West is going to have to solve labour problems which could get worse before they improve.

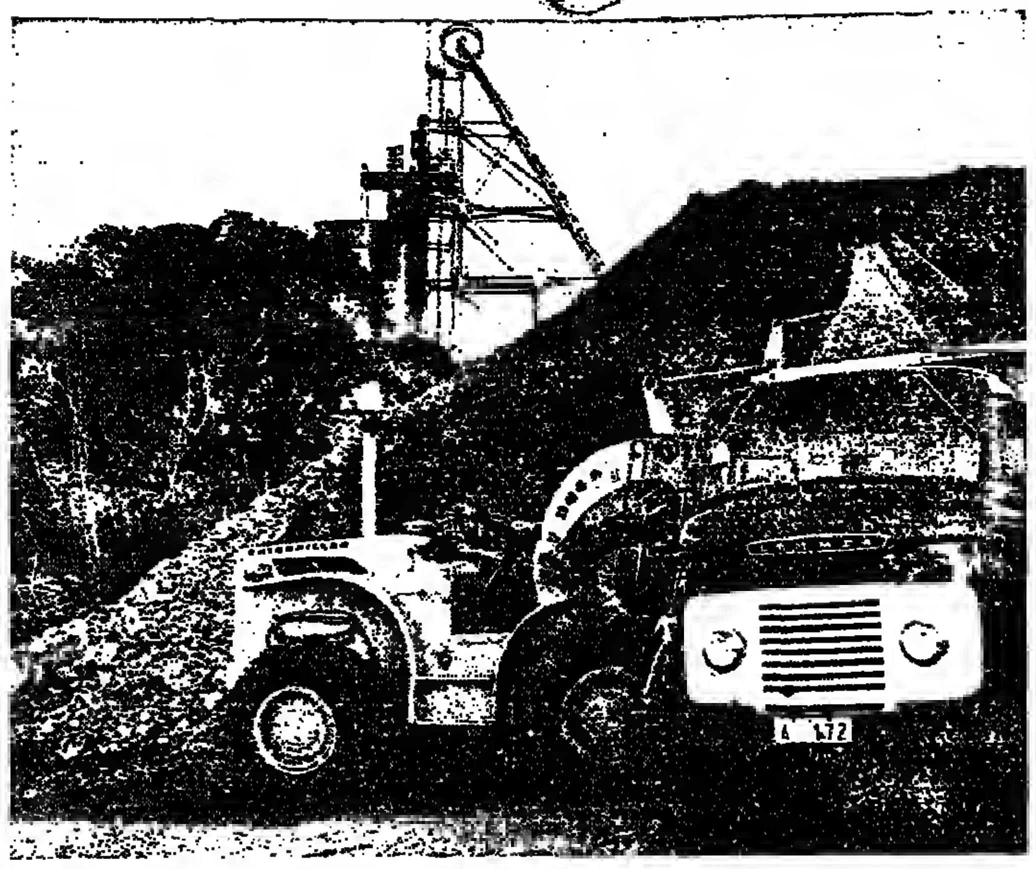
Strong rumours

Meanwhile, Western Mining is putting up a smelter to deal with the lower-grade production from the Kalgoorlie area mines which at present has to be shipped overseas for treatment. There are strong rumours in the wind that the American Metal Climax giant would like to erect another to handle output from Poseidon and the U.S. trio at Windarra which could be larger than has been hitherto estimated. Matte from the smelter would thus be channelled to the Amax refinery in Louisiana on the U.S. market's doorstep.

As the present decade progresses a growing world population is going to need a lot of nickel. By 1975 it has been estimated that consumption could rise 50 per cent. to some 1,500m. lbs per year. To meet this growing target huge expansion plans are being actively pursued despite the fact that the metal is temporarily in over-supply after years of shortage and Canada's giant International Nickel has just cut production by the equivalent of 7 per cent.

"Old Nick" may have won the second round in a battle with the metal and the men who produce it and invest in it. But he will have to fight hard in the years ahead. Meanwhile, the picture has brightened for the world producers following the latest U.S. dollar crisis measures which aim to stimulate the economy of a country which is the world's largest consumer of nickel.

This sudden turn in events will give added encouragement to the Australian nickel producers and prospectors who, like all mining men, must look ahead all the time. *Nickel is here to stay* and so is the Australian mining industry despite the vagaries of the share market and the machinations of "Old Nick."



Loading nickel ore at Kambalda, Western Australia.

Great activity in copper

By RICHARD FARMER

The Rio Tinto group had good reason to be pleased with the reaction of residents of Papua-New Guinea to its special issue of Bougainville Mining shares earlier this year. There were applications for 3.3m. shares at $1.5 each while only 1m. were available for subscription. It is certainly an encouraging start to the efforts the company will have to make in the next decade to keep the people of Papua-New Guinea enthusiastic about private enterprise and a foreign-dominated mining industry.

But there are grounds for thinking that the goodwill created by allocating shares at a price which guarantees a substantial capital profit will not be enough.

The signs are already there that an independent Papua-New Guinea—and that looks no more than four or five years away—will want to have control of the whole Bougainville copper project and not just a minority interest.

Political unrest has so far been largely confined to the northern tip of New Britain which, like Bougainville Island, is separated from the Papua-New Guinea mainland by the Solomon Sea.

As the work goes on developing the Panguna minesite, the port at Anewa Bay 16 miles away and the township at Arawa, there has been no need to call in the militia to quell riots as there has been at Rabaul and other centres on New Britain.

Mercifully there has been no repetition of the bloodshed which marked the early stages of the copper mines' development. RTZ have employed anthropologists to try to get to understand better the native people they are employing and whose lands they have taken over. Generous compensation has been paid for land. The local people have been assisted to develop business ventures. Training schemes have been started to try to keep to a minimum the need for white employees. Wages, by territory standards, are high.

But the political dangers to the project continue to grow. On Bougainville Island itself the support for secession from Papua-New Guinea has not waned. Come independence RTZ may find itself in the centre of a conflict between the people of Bougainville who do not fancy a mine on their island subsidising the economy of Papuans and New Guineans with whom they have no racial similarity and the mainlanders who realise that without the mine there is little chance of independence being meaningful.

First group

In the territory as a whole the first group of native political leaders to challenge continued Australian rule show all the signs of developing in the same way as their African counterparts. The jump between calling for independence and calling for control over their country's major resource will probably not take long after the departure of the last Australian *administration official*.

For RTZ that is in the future. Its immediate task on Bougainville remains to establish a mine that anybody would want to take over. The project is already two-thirds completed and contracts have been let for nearly all the mine and port equipment. Showing that it does not allow nationalist sympathies to cloud its economic judgment, RTZ has awarded the bulk of the machinery orders to United States companies. British suppliers have missed out altogether where major items are concerned.

Bougainville Copper Pty. Ltd., *the operating company*, is confident that production from the porphyry-type copper orebody will start in mid-1972—eight years after exploration was begun by RTZ's Australian subsidiary Conzinc Riotinto Australia Ltd. Using open-pit methods 145,000 long tons of ore and rock a day will be mined to permit an annual production averaging 150,000 long tons of copper in concentrate and 500,000 ounces of gold. Ore will be treated at the rate of 90,000 short tons a day.

Profitability of the venture will naturally depend greatly on the course of the world copper and, to a lesser extent, gold prices. Based on the average price of copper on the London Metals Exchange over the past decade, about 50 cents U.S. per pound, Bougainville Mining hopes to pay a 40 per cent. dividend on its 50-cent shares. A recent estimate by the Melbourne stockbroking firm of Ian Potter and Co., which underwrote the public share issue, suggests Bougainville Mining could earn $80m. in its first full year of production with copper at 50 cents. With earnings for the first three years of operation tax exempt, Potter's estimate would put earnings at 44.9 per cent. a share. It gives the company an attractive look despite the future political uncertainties.

Higher grade

Keen observers of Bougainville's efforts to get into production are senior officials of the U.S.-owned Kennecott Corporation who are considering a mine in the Star Mountains in the far-west corner of Papua, close to the Indonesian border. Kennecott have discovered a deposit of porphyry copper ore believed to be of a higher grade—but in slightly smaller quantities—than RTZ have at Bougainville. To consider along with the dangers of a newly independent government renegotiating its contracts (Kennecott are wary just having had its Chilean mines expropriated) are transport difficulties.

While the ore could be crushed and concentrated at the mine site, it would have to be sent 100 miles by truck or in a pipeline as slurry to Kiunga, a small town on the Fly River. From Kiunga to the delta in the Gulf of Papua the company would have to use flat-bottomed barges guided by tugs down the twisting river. A final decision on the project is likely within the next year.

Australia too has had its new copper discoveries. At Redbank in the Northern Territory, Newmont Pty Ltd., the local exploration arm of the U.S. mining company, has begun planning a mine although no firm decision has yet been made to proceed. Newmont's drilling, on behalf of a consortium in which the AMP Society, the Bank of New South Wales, Engelhard Chemical and ICIANZ Ltd. are also partners, has been highly promising. The 11 diamond drill holes put down in the June quarter included 231 feet of 5.96 per cent. copper and 302 feet of 5.16 per cent. copper.

The country's largest existing copper mines, Mount Isa Mines, passed a milestone in its history when the company's smelter cast more than 100,000 tons of blister copper for the first time in a year. The increased output, up some 22 per cent. on the peak tonnage of 1969-70, has at least softened the blow on profits of the drop in world copper markets. Further expansion at Mount Isa is planned.

A new concentrator to cost $12m. has been ordered and will be capable of treating 16,000 tons of copper ore a day. Last year MIM treated only 10,700 tons of copper ore a day in its existing concentrator, which will be phased out when the new one comes into operation. The capacity of the new concentrator indicates that the company is still aiming at producing 150,000 tons of blister *copper a year by some time in* 1974.

The Tasmanian copper miners, Mt. Lyell Mining and Railway Company, also continues to expand production. In the financial year which ended on June 30 the company lifted the amount of ore milled by 9 per cent., with the production of concentrates up 16 per cent., although the average grade fell slightly.

Miners look for new markets – (Cont'd.)

Continued from previous page

...island coast designed to be the largest in the world. This takes its ore from Weipa. There are also plans to build an alumina plant at Weipa itself.

Despite all the publicity and share market glamour—now somewhat tarnished—that has surrounded the nickel discoveries in Australia it is really coal that towers along with iron and aluminium as one of the leading elements in the production and export situation during the years ahead. It is produced in every state except Victoria, with New South Wales and Queensland as the major producers.

Coal shortage

The irony of the fact that in this so-called nuclear age a world shortage of coal has developed has placed Australia in a particularly strong export position and has sparked off a big expansion programme which has made coking coal a major export earner. Looking ahead, in fact, it could rival the performance of iron ore.

Here again Japan is the main customer but Europe, including the U.K., has been showing an increasing interest in Australia as a source of coal for its iron and steel industries. Black coal exports from New South Wales and Queensland are now thought to have an annual value of around $200m. (£93m.) and are expected to top $300m. by 1973-74.

Nickel still lags well behind iron ore, bauxite and coal in the mineral spectrum but for this reason these are comparatively early days in relation to the others. After all, nickel only started to be produced in mid-1967, when Western Mining's Kambalda operation in Western Australia started up. And it was as recently as March of last year that the country's own requirements began to be filled from that company's refinery at Kwinana.

Australia's importance as a world source of nickel, in fact, still lies largely in the future. Apart from Kambalda, where there are now plans for a smelter, there are only two relatively small productive operations in Western Australia and none elsewhere. But big deposits of nickel ore as yet unexploited have been found not only in that State but also in Queensland. It can thus be confidently expected that a minimum of six more mines are in the pipeline in Western Australia and one major one in Queensland.

It is consequently no wonder that forward projections produce some impressive figures especially as exports will have to be the keynote of the growth prospects. For instance, it has been estimated that whereas nickel production was only 11,462 tons in 1969 it could rise to around 125,000 tons by 1975 or some 15 per cent. of world supplies allowing for the various expansions in progress elsewhere. What this could mean in terms of export revenue is, of course, a much more tricky exercise but the figure could conceivably be over $300m. (£140m.) per annum by the mid 1970s.

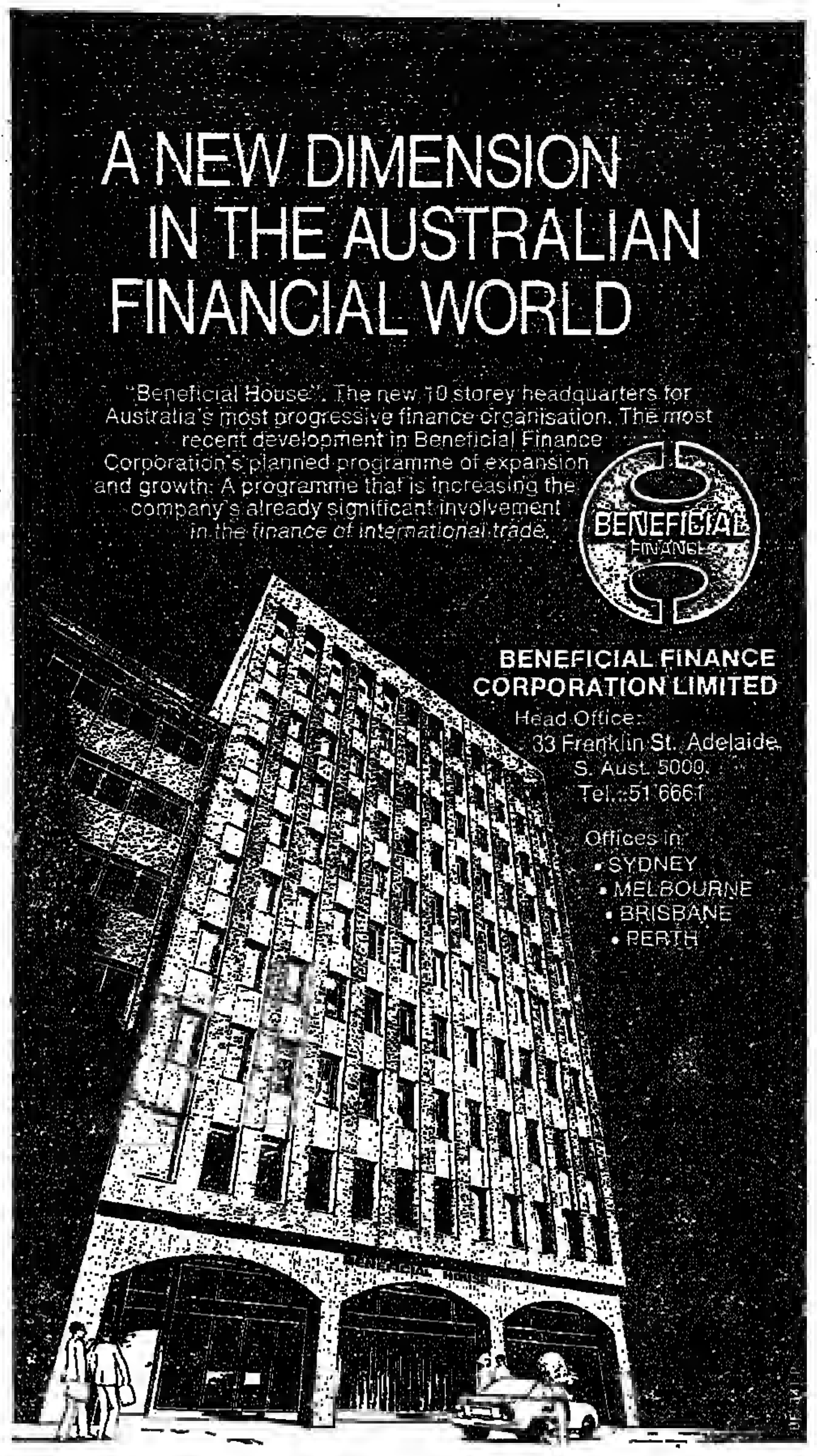
Those great mainstays of Australia's mineral past—lead, zinc and copper—naturally still have a major role to play and it has been estimated by the Department of National Development that in 1976-77 lead could still be the sixth most important mineral export although this could presumably prove optimistic if the world campaign against the metal as one of the villains of the pollution scene has any considerable impact eventually.

Beach sand

Australia ranks high as the world's major source of the beach sand minerals, rutile, zircon and ilmenite, which tend to be in increasing demand for their titanium content. Gold production is in sharp decline, a process that has been accelerated by the turnover of concentration plants on the Golden Mile in Western Australia to the more commercially attractive treatment of nickel ores.

A mention of manganese, silver, tin and tungsten completes the list of the major elements in Australia's expanding minerals industry although there are other minor products such as antimony (this one could grow), cadmium, asbestos and opals and other gem stones. Diamonds in worthwhile quantities and qualities are still only being sought.

There is thus much to build on but there are also many problems to face as detailed in the following articles on individual minerals. It is on the overcoming of these difficulties and the growth of world export markets that the forward projections in this overall survey of the Australian mining industry largely depend for their eventual attainment.



AUSTRALIA XII

Gloomy prospects for bauxite-alumina

By DON LIPSCOMBE

The penny is yet to drop in Australia that the bauxite-alumina industry can look forward to little real progress, if any, over the coming year. For the industry is locked into the "great expansion" euphoria, ranked with iron ore and coal as one of Australia's three great mineral resources, looking to open-ended and continuous demand, rather like wheat was. But with the aluminium metal industry's outlook grim and expected to stay gloomy for at least another two years, the coming months are likely to bring a stay or even a back-sliding in the sharply rising pattern of bauxite mining and the previously expanding output of alumina.

Australia has one quarter of the assured world bauxite reserves and more than one third of the probable reserves. Underpinned by a world growth rate in aluminium production between 8-9 per cent., this natural resource has moved from a standing start in 1955 to the position in 1966 where Australia had the world's two biggest alumina refineries. Exports of aluminium products and ores are worth nearly $150m. annually. But the sharp rise in aluminium production that set off this growth has turned down; last year output was barely 1.2 per cent. above the previous year, with prospects for 1971 probably worse. Aluminium producers looked to Australia as the best place to pour in capital in the 1960s because of the amount of available bauxite, tha capital-intensive nature of their industry and attractions for big money in the country's relative political stability. These factors have not changed at the bauxite-alumina end but Australia must now jog along until the aluminium end catches up; 1975 is the target year for this balance to re-establish.

Of Australia's eight operating or firmly planned aluminium industry ventures, at least four have been affected to the point of indefinite delays that could last well over a year, and the others have felt it advisable to put the brakes on expansion programmes. Yet [no doubt with the five-year term in mind] the industry as a whole has given little public indication of the reassessment under way. The long-term nature of contracts has been stressed, and when Alcoa's president and chairman, Mr. John D. Harper, was in *Sydney* in *November*, he foresaw an average 8 per cent. aluminium growth rate for the coming 20 years—which would call for a strong surge in the late 1970s if projections about over-supply into 1975 are accurate.

Long haul

None of America's or Japan's metal-use problems affected Australia materially, Mr. Harper said then, although he acknowledged well below the "average 8 per cent. annual growth rate" heading: "They might be postponed for a year and a half, but for the long haul that does not have much of an effect." Superimposed on other Australian growth postponements, which have touched virtually all key overseas export earners, the industry's undoubted downturn is the kind of short-term problem that Australia would be happier to miss.

New industries are facing their own problems at home, apart from the metals end. With their heavy weighting of overseas capital, bauxite mining and alumina smelting are not Australian favourite industries. Bauxite mining, usually in lush tropical growth, scars the landscape hideously; some of the more profitable mines are in Perth's "hills" area, where homes of the vocal Left-wing intellectuals tend to congregate. Their haven has been *mutilated* by the orange-coloured slashes of bauxite mining at a time when their anger is no longer written off.

Bauxite-alumina is also target for an increasingly vocal environmental control lobby. In the Perth area, the Alcoa plant has built up from 210,000 tons per year to 1.2m., with the bauxite rail-freighted 32 miles from the Darling Range, inland from Perth, to the Kwinana industrial area, 23 miles down the coast from the capital city. Pollution from this refinery has become a bigger problem than *most* Perth people expected, and Alcoa has started work on a second refinery farther down the coast at Pinjarra, where production is scheduled to start with a two-unit refinery at 413,000 tons annually, building up eventually to be bigger than the Kwinana plant. When "eventually" will be now is anybody's guess.

At the same time, the Gove deposit in the Northern Territory has been the hub of the most important land-rights dispute in the country's history, with a group of Aborigines at Yirrkala, who profess a religious-mythological affiliation with the land, seeking compensation for having their tribal lands taken from them. At Gove, Swiss Aluminium has a 70 per cent. interest, with the rest Australian-owned and the Colonial Sugar Refining Company having 51 per cent. stake in this Australian equity. Yirrkala has the potential to become a United Nations issue, the example of Australia's shoddy treatment of her native peoples.

Of the two main new companies planning to set up on bauxite in the Darling Ranges near Perth, the Pacminex plan has run into bitter conservationist and political opposition. This involves CSR with Hanwright, the iron ore *prospecting* partnership which earlier this month sued the State Government over alleged illegal confiscation of iron ore reserves in the Pilbara. Conservationists say in a document circulated to State parliamentarians that the refinery, sited where it is planned, would present a serious threat to the people, water, vines, and ecology of the region; and there are undocumented hints that vanadium and mercury contamination of the underground water supplies is possible, eventually reaching the Swan River which flows through Perth. A rebound from this style of pseudo-scientific sensationalism will come, but meanwhile it adds to the home-grown troubles of what appeared to be a boundless industry.

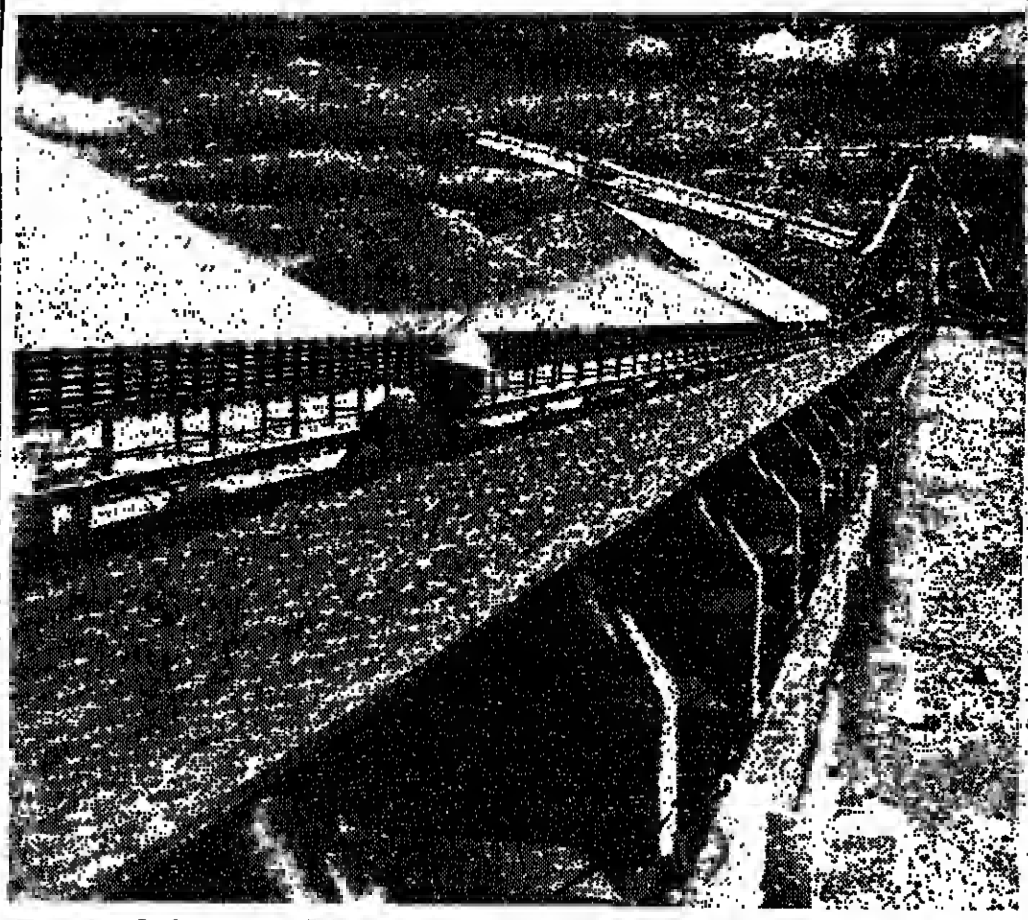
Expansion phase

Farther down the coast, Alcoa's Pinjarra refinery is unlikely to move quickly to its next expansion phase, as the Kwinana refinery did. And an Alwest-Broken Hill Pty scheme, based on Bunbury, has been shelved for at least a year—again without any formal announcement that the highly publicised plans had been changed. In the far north of Western Australia, an Amax-led consortium is still seeking equity after Anaconda put in and withdrew the missing piece of its financial jigsaw; at same time, capital cost nmates of this Kimberl venture is believed to l increased from $300m. nearer $400m. Initial capa *said to have been aimin* 1.2m. tons of alumina annu is nnw likely to start a lower rate.

Japan's refusal

Alcan has deferred In nitely expansion plans fm Kurri Kurri smelter in South Wales, following Japanese Government's rel tn clear a tentative agreer for the $280m. scheme, du a downturn in the Jap light metals industry: a jected 22 per cent. increase the year to March 31 bec an actual 9 per cent. incr Gove became Australia's se bauxite exporter in June, this Swiss-Australian proje scheduled to become nation's fourth alumina ducer in mid-1972, startin 500,000 tons annually, capacity of 5.3m. tons alumina a year.

Of all the companies invo in the industry, Comalco likely to be the least affe With its RTZ and Kaiser A nnm backing, access to massive Weipa deposits ac the Gulf of Carpentaria f Gove, its early start in Australian bauxite field, an integration and spread, company seems well buff against even sharp change the industry's fnrtunes, pioneer exporter shipped 5 tons of bauxite from Weipa year, including 2.3m. tons cessed in Australia into alum By mid-1971 a 10.5m. ton ex capacity is planned, and by a 1m. ton refinery has l announcad. But unless aluminium metal picture cl over the coming few mor even Comalco may have lower its sights in the mid-19



Bauxite being moved by a conveyor belt after having been washed a screened at Weipa.

Easy times over in coal mining

By RICHARD FARMER

Australia's coal industry, after a decade of unchecked expansion, has begun the 1970s with three major problems. There has been a slump in demand from Japan, the main export market. Industrial disputes have disrupted deliveries. And pressure from conservationists is delaying the opening of new fields. For an industry grown used to easy times it is all very frustrating.

The state of the Japanese economy has been of prime importance to coal miners since *the first* export orders were written back in 1960. Japanese demand has accounted for almost all the growth in exports which in 1969-70 totalled 17.3m. tons compared with only 1.1m. tons ten years ago. The Japanese share is around 92 per cent. In 1970-71, coal exports reached 18.5m. tons. The value was $A192.5m., with Japan again taking the bulk of production (15m. tons).

Demand cut

This year lower steel production by Japanese mills, combined with a more economic use of furnaces, has cut demand substantially. Luckily for the Australian industry, most of the cutback in imports has been at the expense of U.S. miners but the prospect of a slower rate of growth in the Japanese steel industry is delaying the opening up of new deposits. Long-term contracts have been harder to get.

The actions of trade unions are not making negotiations with the Japanese any easier. The Japanese have complained bitterly that strikes both in the mines and in the transport industry have made it impossible for them to rely on Australian supplies. They are not so worried about what has happened this year. If anything, the disruptions to production have fitted in with their cut-back in production. But the Japanese mills are worried that the wave of industrial disputes will continue. Meanwhile, it appears that the Japanese may look to China as a possible source of 10m. tons of coking coal.

The conservationists have struck hardest in New South Wales. Clutha Development Pty. Ltd., owned by Mr. Daniel K. Ludwig, of the U.S., wants to build a private railway from its *Burragorang Valley* mine to the coast at Coalcliff and to have a coal dump on the clifftop. The conservationists claim the dump would ruin the coastline and that dust would pollute th over neighbouring towns. W the State Government given approval for the pr the Labour Opposition have mised to repeal the nece legislation at the first o tunity. As Labour came w a couple of seats of victor the last election, Mr. Ludw not keen to start building v under threat of losing his in ment in the future.

Developments to

While there have thus l problems for the coal indu there have been developm too. The scrapping of planned nuclear power st at Jervis Bay will mean a crease in coal for electr generation in NSW. A foot has been gained in the Br coal market, both for stea and coking coal. The indu has high hopes that sale Europe for high quality co coal will follow, and that dependence on Japan will cline. In the field, explora continues to prove up size new deposits, removing the that pandering to the ex trade would leave Aust short in the future for its needs.

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AUSTRALIA XIII

Uranium loses its gloss

By a Correspondent

High hopes and dashed hopes: the Australian uranium industry has had them both in the past year. The discovery of a major uranium province in the Arnhem Land region of the Northern Territory was a cause for considerable optimism. Back in September, 1970, Queensland Mines announced they had found 55,000 short tons of uranium oxide at the incredibly high grade of 540 lbs per short ton. Other major companies reported sizeable, but less rich, finds in the same area.

It was enough to re-kindle some interest in the Australian stock market and to arouse the thought that Australia would replace Canada and South Africa as the world's major source of fuel for nuclear power stations by the end of the decade.

The disillusion has set in more recently. The estimates of Queensland Mines have been proved hopelessly wrong. Instead of 55,000 short tons of U308 at Nabarlek, latest figures indicate that there are 9,000. Instead of 540 pounds a short ton there are 3,200 short tons of uranium oxide at a grade of 16 pounds and 5,760 short tons at a grade of 240 pounds.

A Select Committee of the Senate has heard evidence suggesting that the truth was deliberately withheld from shareholders for several months as the company desperately tried to prove up reserves in other areas to reach the 55,000 short tons figure. The chairman and managing director of the company, Mr. E. R. Hudson, previnusly one of the most respected men in the Australian mining industry, has had to resign his posis.

It has all heen more than enough to take the little remaining gloss off the mining share market.

Export coutracts

The disappointment at Nabarlek is oot the only dashed hope about the Australian uranium industry. *Perhaps more important*, there have been no contracts written for the sale of U308 from any of the newly discovered fields. Mr. Hudson had also been optimistic on this point. He has been silent in the last few months. No substantial export contracts are likely to be signed for many months yet and only small deliveries are likely before 1978 or 1979. The boom in nuclear power station construction has just not taken place as predicted.

While it is io Japan and the U.S. that the expected demand for Australian uranium will come, some small stimulus was expected from local demand. The Federal Government under Mr. Gorion appeared committed to building a nuclear power station at Jervis Bay oo the New South Wales coast. The plan was shelved by the Government of Mr. McMahon after foundations had been prepared and tendars were on the point of being let. The Jervis Bay station is unlikely to be using much Australian uranium before the end of this decade.

Mining the new fields in the Arnhem Land also has its difficulties. The Peko-Wallsend-EZ Industries find at Ranger and the Noranda Australia find at Jim Jim are both in an area designated a National Park two years ago. The area is very attractive and conservationists are already extolling its uniqueness. Mining companies face severe restrictions on their activities but at least they are being allowed to continue prospecting. While he tries to sort out an answer to whether and under what circumstances mining should be allowed in a National Park, tha Minister for the Intarior, Mr. Hunt, has stopped issuing new prospecting authorities.

At least the downgraded Nabarlek deposits are outside the National Park area. They are on an Aboriginal reserve—which may create problems of its own if the Australian Aborigines ever grow into a militant community.

A bright note amid all the gloom has been sounded by the Minister for National Development, Mr. Swartz. He *still* stands by his statement that uranium deposits in the Northern Territory are *significant* by world standards. Mr. Swartz told Federal Parliament recently that the Bureau of Minaral resources had reached a figure—which it could substantiate—that deposits in the territory totalled 100,000 tons of U308. Referring to the downgrading of Queensland Mines' Nabarlek field he said he would not like to see the international Press interpreting a statement by one company in a way that could affect Australia's credibility overseas and harm future development of deposits.

Mr. Swartz believes there are opportunities for finding substantial quantities of uranium outside the Northern Territory as well. "Already in South Australia, some developments indicate from the exploration work that has taken place that further deposits will be established and will ultimately be proven," he said.

There are certainly many companies which agree with him. For while the stock market's rating of uranium searchers has slumped there has been no noticeable let-down in exploration.

Mary Kathleen Uranium Ltd., the only Australian company with an export contract, is continuing with exploration around its mine. *MKU has contracts* to supply a total of 3,857 tons of U308 from 1974 to 1981 inclusive. This is well short of the mine's capacity and will result in only "modest returns," according to directors.

Promising picture for oil and gas

By RICHARD FARMER

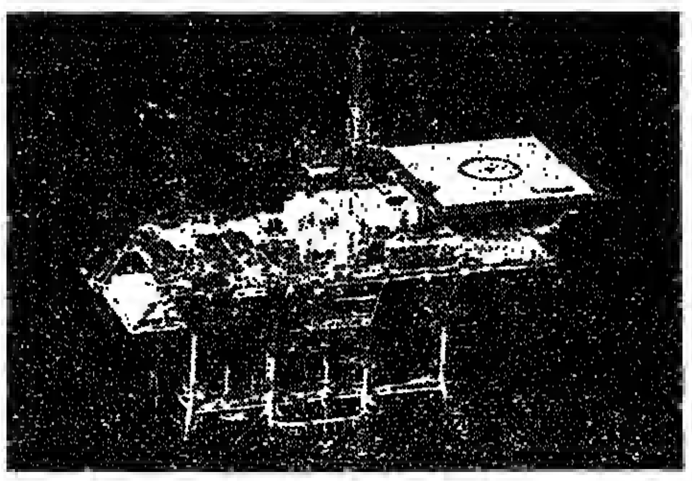
Saving money for Australian motorists was not a widely predicted consequence of the discovery of oil in Bass Strait by the Broken Hill Proprietary Company Ltd. and the Esso group of the U.S. For the previous decade the accent of Government policy had been on the benefits to Australia's balaoce of payments and the added national security that would follow from a substantial local oil industry. If these desirable aims meant paying a little more to run your car, then that was too bad.

The Commonwealth Government rushed into providing a subsidy to the discoverers of crude oil at Moonie and Alton in Queensland and Barrow Island off the Western Australian coast. There were also subsidies to explorers to find more and, through the taxation system, to investors to finance them. The Australian crude industry looked set to follow the U.S. pattern of local producers receiving well above the price of imported crude.

Things did not look much different when the then Prime Minister, Mr. John Gortoo, took over personally the negotiation of a pricing agreement with Esso BHP for the Bass Strait production. True, he removed the subsidy payment altogether and fixed the price on the basis of the price of imported crude as at October 10, 1968. But that price, about $2.06 a barrel, was artificially high, Mr. Gorton's critics argued.

An oil consultant called in to advise the Government said that oil freight rates would drop. The "parity price" would fall with it. Oil companies, other than Esso, grizzled about how the price of petrol would inevitably be pushed up.

Mr. Gorton ignored his consultant, the criticism and his Cabinet colleagues as well. He went ahead on the principle that prices never come down and turned out to be right. Freight rates were to go higher and so were the posted prices of crude from the Middle East and Indonesia where Australia has traditionally received its supplies. The $2.06 per barrel is now substantially less than the cost of imported crude and the price cannot be changed until September 1975. Thus the motorist has benefited along with the balance of payments. The chairman of BHP, Sir Ian McLennan, estimates the saving in petrol prices as $50m. a year and the benafits to the balance of payments at $300m. Both figures will go higher.



Barracouta "A," 10-well production platform. Barracouta was the first Bass Strait field to produce natural gas and oil.

In the 1970-71 financial year Australia produced 94m. barrels of crude oil compared with 30.7m. in 1969-70. Fifty-one per cent. of the total input of Australian refineries in 1970-71 came from local sources compared with 15 per cent. the previous year. Esso-BHP's Bass Strait field produced 208,900 barrels a day and it will rise to around 280,000 this year. Barrow Island's 45,300 barrels and Moonie's 3,200 barrels made up the balance but there is little scope for production increases from them.

Cooper Basin

The big hope for production increases once Bass Strait reaches capacity, is the Tirrawarra field in South Australia's Cooper Basin. A consortium for which Bridge Oil NL is the operator has struck 50 degree gravity oil in two wells in the area and the South Australian Premier, Mr. Dunstan, has been confideot enough to predict that further drilling will prove that there is a sizeahle oil reserve in the area. Mr. Dunstan is already talking about the possibility of an additional refinery and the development of a petrochemical complex.

More conservative men in the oil industry would prefer to await the results of at least the next three wells in the area. But they concede that results so far are very promising and a field at least the size of Barrow Island is probable.

This would provide some compensation for the partners in the venture, Santos, Delhi Australian, Reef Oil, Basin Oil, and Vamgas as well as Bridge, who have spent about $100m. on oil and gas exploration in South Australia. Santos, the original owner of the Tirrawarra area, has beeo looking for oil for the past 17 years. Until the oil flows this year Santos had had to be content with the Moomba and Gidgealpa gas fields which are currently beiog used to supply Adelaide and will in the next few years supply Sydney as well.

Production of natural gas in 1970-71 from the Cooper Basin totalled 30,392m. cubic feet, slightly larger than the 30,527m. cubic feet supplied from Bass Strait.

It is one of the features of the search for oil and gas in Australia that gas has been much easier to find than the oil. Queensland is served by its own field at Moomba (production last year was 7,812m. cubic feel) and a pipeline was recently completed to bring natural gas from Dongara, just south of Geraldton, to Perth. Burmah Oil and its partners Woodside and Mid-Eastern Oil, have two promising natural gas finds along the north-west shelf, offshore from Western Australia, and are considering shipping it to fuel a steel industry based on the Pilbara's iron ore. In Papua New Cuinea there have been several gas flows which would be economic but for the absence of secondary industry, but only a few traces of oil.

Tirrawarra should give heart to explorers to keep on looking. Certainly Burmah still have faith, particularly in their north-west shelf leases where further drilling is planned. The British based company has not been slow either to take up sizeable positions in three of the partners in the Cooper Basio oil and gas finds.

Mineral sands reserves

By a Correspondent

The dredges of Australia's beach sand miners moved inland a little in the last year as the established high-grade reserves which made Australia the world's dominant supplier of titanium ores were worked out. The costs of mining rose and so did the criticism. A major part of tha expenses of beach sand miners is now restoring the coastline they eat up and employing public relations men to tell the conservation-conscious public how well the resloration ia done.

The East Coast reserves of rutile, the major ore, are now estimated at only 25 years. The objectons to mining on popular surf beaches are such that the eslimate may well prove optimistic. Hence the switch in the last year to the West Australian coast, where a sparser population reduces the pressures on miners.

Almost all the companies with a large stake in rutile production in NSW and Queensland bave pegged areas of the West Australian coast. At Eneabba, 180 miles north of Perth, major new deposits of rutile have been discovered. As yet no ooe has got to the mining stage. But there are likely to be at least two new minaral sands dredges operating within 12 months. Consolidated Gold Fields Australia Ltd. and Peko-Wallsend (two groups with a major interest in the eastern Slates deposits) have been in the forefroot of exploration work, together with British Titan Products, Allied Minerals and Norseman Titanium.

Before the Eneahba discoveries, West Australia was a source of very little rutile. Companies like Cable and Western Titanium have for many years mined mainly ilmenite, an ore not so rich in titanium as rutile. Western Tilanium, in an effort to receive more for its labours, bas established a pilot plant to upgrade ilmenite to produce a synthetic rutile. Trial batches of 1,000 and 1,500 tons of synthetic rutile have been made by Australiao and overseas chloride pigment producers and found to he an acceptable alleroative to the natural product.

Western Titanium is on the verge of slartiog a commercial plant but must be having some doubts now that rutile has beeo found at Eneabba.

The new deposits have been found st a time when demand from titsnium pigment producers in both the United States and Japan is slackening. The continuing doubts about the U.S.'s supersonic transport aircraft make the future demand hard to predict. The SST was to bave been a large user of titanium metal. Softening the hlow on Australian producers of the general over-supply siluation has been the shutting of the Sierra Leone mine of Sherbro Minerals Ltd., a company jointly owned by Pittsburgh Plate Class of the U.S. and British Titan Products. Spot prices for rutile bave continued arouod the $130 to $135 a ton level in recent months and some forward busioess bas been written at higher prices. In 1969-70 Australia's rutile exports totalled 341,000 lons producing an export income of $30.2m.

This was an average price of less than $89 per ton. As long term contracts written for below $90 per ton begin to run out the average price for Australian rutile can be expected to go higher. In 1970-71 exports of titanium and zirconium ore and concentrates showed a slight rise on the previous year, moving in quantity from 1.2m. ton to 1.3m. toos. The value of the exports rose from $49m. in 1969-70 to $57m.

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AUSTRALIA XIV

Rural industries are of declining relative importance in the country's economy. On this and the facing page their performance and potential are discussed.

Bleak picture on the farms

By J. O. CHERRINGTON, Agriculture Correspondent

It is almost impossible to be optimistic about Australian farming, at least in the immediate future. With the exception of beef and veal, almost everything produced is subject to quota; a depressed market or no market at all. Rural indebtedness has doubled over the past decade, and while debt of itself is no bad thing under viable conditions, service of this debt is becoming impossible because gross incomes are too low to meet current interest costs.

The Government is already committed to paying a variety of subsidies amounting to about £150m. to rural industry, and Australian consumers pay more than world market prices for much of what they buy, especially for dairy products. This is of course partly because the Country Party, representing rural areas, is a member of the Coalition, but to say that the subsidy support is entirely political would be wrong.

It is, so farmers contend, no more than the obvious compensation needed for the tariffs that protect industry, and that of themselves raise farmers' requisite costs. In addition it is a very necessary measure to keep in being an industry which, even at to-day's depressed prices, is responsible for about half of all export earnings, a proportion which would increase if prices were to rise again.

The facts of the wool situation are being dealt with elsewhere, but it is impossible to discuss Australian farming without emphasising the importance of sheep in the general balance of the Australian farm economy. Apart from the specialist sugar and cattle holdings of the North, and the dairying districts, most Australian mixed farms are dependent to a degree on the wool cheque.

Arid conditions

The typical wheat farm would probably be growing only a fifth or less of its acreage in arable crops. The rest of the land would be being rehabilitated by sheep grazing. Because of the general nature of Australian farming and the arid and hot summer conditions, much of the income from this enterprise would come from the sale of wool. A fat lamb trade on the New Zealand model is out of the question in much of Australia because conditions are simply not suitable for the development of such a system.

The Government has announced a deficiency payment in the budget to bring growers' returns to 36 cents (A) per pound. This was not as much as they hoped for, but such a move would be more than a political bribe. It would recognise that wool is the key factor in maintaining a viable system of farming until something turns up, or until the Australian population grows sufficiently to absorb the food export surpluses.

It is probably true, as some economists have argued, that what is needed is the depopulation of the countryside, with the development of huge farms with perhaps 10,000 ewes per man, 5,000 acres of wheat and so on. Such proposals completely discount the human and, what is more, the social problems that they imply. Any further depopulation of the farming areas is bound to increase the difficulties of supplying the schools, communications and other services thought necessary to run a modern state. There is already considerable anxiety over the continuing urbanisation of the country. Such schemes would simply accelerate this trend, leaving vast areas of the country unexploited.

There are economists who say that the obvious policy is to pay people to live in these places, which would probably be cheaper than to persist in farming them.

In any case the position is not yet as bad as it is sometimes painted. There are of course areas of considerable debt and distress, but there are also farmers and graziers who are still farming profitably, or at least keeping solvent. A great deal of the trouble is with those who have entered farming in late years, buying their properties too dear, or those whose farms are too small, or on second or third class land.

It is the latter who have been badly hit by first the wheat quota, and then the drop in wool price, which leaves them few opportunities for diversification.

The prospects for wheat do not look very good at present, although, thanks to the poor cereal crops in the U.S. and Europe last year, exports have shown an increase over previous years. For this reason farm delivery quotas, the proportion for which farmers will receive the guaranteed price, have been raised from 308m. to 336m. bushels. It is disappointing that the Chinese have not renewed their buying contracts and there is a danger that sales to other countries are likely to be subject to keen competition from North American and European supplies, particularly now that the new International Wheat Agreement does not lay down the prices with the same exactness as did the old one.

Much will depend in future on the success of the Green Revolution in assisting underdeveloped countries, particularly in Asia, to grow their own wheat and rice. The signs are that they are being successful, and such success is bound to be had for the Australian farmer. There has been some diversification in arable cropping into sorghum and barley, but the market for these feed grains is very vulnerable to competition from North American maize and barley, and the Japanese market is very selective and difficult to exploit. The Japanese by all accounts never import anything they cannot grow at home. Rice, of which Japan has a surplus, is just as good a source of carbohydrate as barley or sorghum.

Domestic market

There is, of course, a growing domestic market in Australia for livestock products, pigs, poultry and intensively fattened cattle, but with a population of only 12m. the potential market is limited. In a perfectly ordered world these high value products would be produced at the source of the raw materials and exported to the great centres of population. But things do not work out like that and Australian farmers, like the miners, seem destined to provide the raw materials for other people to process into high value finished articles.

A great deal is being made of the prospects for beef sales on a world market which is likely to be short for a considerable period ahead. These prospects require cautious analysis. In spite of the increase in demand and the increased production that it stimulated, beef production is still at 1m. tons, only just above that of the U.K. Much of it is of manufacturing grades and of low value, being the product of the enormous ranches in the north of the country. There is a good market for this in the U.S. at present, but it is under quota and vulnerable to Congressional action in support of American cattle breeders. Australia does produce some very good beef in the higher-rainfall areas of the south, but this does little more at present than supply the domestic market.

Recently, however, there have been shipments of chilled beef to this country under the vacuum-packed system. Undoubtedly, there would be room for a considerable development of this trade and also of portion cuts. The problem here is climatic. Undoubtedly, farmers would like to produce more beef, but in a country of very low rainfall and very high evaporation rates, breeding and fattening beef cattle is far from easy. In the coastal and irrigation areas there could be considerable development of intensive beef farming, but it is doubtful if this alone could rescue the rural community from its present depression.

The development of a sheep meat industry as opposed to one based on wool faces similar difficulties as does beef. The sheep in the drier areas are suited to those regions, and are of wool growing types. It is doubtful if the heavier meat breeds, which have coarser wool, would be able to thrive in their place. There would also be a need for long years of market research and development to catch up with the New Zealanders in a market which is in any case limited by the refusal of all nations but the British to eat any quantity of lamb.

Paradoxically the dairying industry which has been regarded as particularly vulnerable may well have a more hopeful future. It is at present being almost written off in view of the probable loss of the British market on Common Market entry. The indications are that the world surpluses of dairy products which have been a phenomenon of the 1960s are likely to disappear, that production in Europe is falling fast, and that the output of Australia and New Zealand will probably be needed in an enlarged community and at much higher prices, in spite of the levies that may have to be paid on their entry.

But this feature of Briti entry will do little to undo tl harm that the adoption of tl EEC sugar regulations look lil causing. Australia is likely lose the whole of the Briti quota and also that small pr portion of the sugar that Brita buys on the free market, a to of about 30 per cent. of prese output. This damage might mitigated by diversification in other crops or cattle.

In terms of overall efficien I think Australian farmi comes out pretty well. Farme know how to get the be out of their land in spite their generally hostile clima and bad or difficult marke Some years ago a few Briti farmers decided to have a there themselves, but althou some have succeeded in stayi the course, most have bur their fingers to some extent a are certainly wiser as to tl effects of drought, flood a market fluctuations unknown present over here.

And this is what it all bo down to. Without a market reasonable prices no rural co munity can survive witho help, however efficient it m be in the technical proces No one can say the Australia are not aggressive and efficie salesmen of their food produ tion. But the fact remains th the peoples of Asia are not y sufficiently advanced econom ally to buy the production Australian farms, nor of Ne Zealand's either.

If the Japanese will not bu no amount of reasoning w induce them to spend the money in this way, and the Cor munist bloc have proved to b just as hard bargainers as th Japanese, and spasmodic buye into the bargain.

Much will rest on the pro pect of an improvement i demand for wool, particular fine wool, but in a central heated Western world which becoming used to synthet fibres next to the skin, eve in Arctic conditions, the ou look is not too hopeful. How ever, events have a habit confounding prophets of bot doom and success, so in th light the Australian Gover ment and farmers have littl choice but to carry on in th hopes that something may on day turn up.

Wool under pressure

By RONALD ANDERSON

He is 60 years of age, this woolgrower. He has a diseased kidney and he is attempting to run 4,000 sheep on his own. His financial position is hopeless. His property is valued at $98,000, has a debt burden of $55,000 and has been on the market for some months at $60,000. There have been no takers.

At the end of 1969 this man expected his wool cheque to be $15,000, the same as in the previous year. The cheque came to $8,000 and was withheld by his stock firm, which then refused him further carry-on loans.

This man now has been without a cash income for nine months and is dependent upon food supplies from local storekeepers and what his 17-year-old daughter brings home from a clerk's job in town. His doctor feels the man is medically eligible for an invalid pension, but he is disqualified by the value of property owned, although it is unsaleable and of no real value at the moment.

Apart from his medical problem, there is nothing particularly unusual about this woolgrower. Up to 20,000 Australian woolgrowers are in as bad an income or debt position. All these men are regarded officially as being so far into the red that they have little or no chance of recovery, whatever happens.

Not since the Depression years of the 1930s has the once-proud woolgrowing industry sagged under such a burden, comprised of massive debts, unsaleable properties, rising costs, meagre and even negative farm incomes and disastrously low wool prices.

In the 1970-71 wool selling season which ended in July average prices hit a 24-year low and the national wool cheque was the smallest for 21 years, even though Australia has more sheep than ever before in its history.

Half a million

Close to half a million Australians, scattered over all six States, are dependent upon wool for a living. Their investment in woolgrowing exceeds $8,000m. and even in a decade of startling mineral development, wool represents about 18 per cent. of Australia's national income. So far this century Australia's "golden fleece" has returned its backblocks Jasons well over $20,000m.

So the industry is no pocket handkerchief affair, easily replaced by nickel, bauxite or even iron ore. Nor is it one that Australia can afford to "carry" for the sake of the people involved.

Unfortunately for the Australian wool industry the root causes of its problems are complex and not understood by woolgrowers, or politicians. Few people acknowledge that pushed along by synthetics, the general economic tide has been running against wool for the best part of a decade.

The present crisis is thus more than merely a passing depression, caused by a 34 per cent. price downturn in two seasons, by the imposition of wheat production limitations on properties in the wheat-sheep zone (more than half the nation's wool properties), and by drought. These factors have merely accentuated a deeper malaise.

But there is no doubt about the dramatic nature of the crisis they have helped build. Declining farm incomes have served to increase the burden of debts assumed during brighter times. The wool industry's net farm income is estimated officially to have fallen from $770m. in 1966-67 to $450m. in 1969-70 and about $290-$300m. in 1970-71.

With the industry's estimated debt to institutional lenders alone up from $980m. in 1966-1967 to $1,200m. in 1970-71, the debt position has moved from a situation in which debt represented one and a third times net farm income to a situation in which debt now accounts for more than four times net farm income.

To-day, in fact, every sheep in Australia carries, on average, a debt to institutional lenders of about $6—a vast sum when the wool on the sheep's back is worth, on average, less than half this amount and sheep are changing hands for as little as a nominal 1 cent a head.

But it would be foolish to overestimate the scope and severity of the present wool crisis. Even in a land in which farmers are renowned for their flexibility and resilience, there is no industry more resilient than the Australian wool industry. To-day's situation is still far less severe than that which existed in the Depression and it is easy to be misled by "averages" and by broad statistics.

If the available official information is studied in a rational manner, it would appear that half Australia's 100,000 woolgrowers do not yet have serious problems, although most of them may eventually face problems of a longer-term nature. Many of these men could, it would seem, survive even at to-day's grossly depressed wool prices.

The situation of the remainder of the nation's sheep properties is far less comforting. From 5 to 10 per cent. of properties appear to be in a hopeless position, with debts in excess of the owner's equity and with no prospect of regaining viability, with or without outside help. A further 20 to 30 per cent. of wool properties are having serious difficulties of a debt or income nature, but might—with the right sort of help and some luck—pull through the immediate crisis.

Out of wool

It would be good commonsense to get those men facing impossible debt burdens (or whose properties are, for various reasons, unprofitable propositions) out of wool growing as quickly as possible. They would benefit and so would their neighbours. Reclamation efforts could then be concentrated upon those men with the ability and potential to survive.

But unfortunately neither woolgrower organisations nor the Commonwealth Government are prepared politically to show any enthusiasm for policies of rural depopulation. Instead they are grasping at straws... seeking, by means of "temporary" subsidies and palliatives, to keep all woolgrowers on their properties.

In this month's budget, woolgrowers were given a subsidy designed to bring average receipts to 36 cents a pound compared with an average 29.34 cents a pound for the 1970-71 season. Subsidy policies are rationalised by claims that wool prices are expected to recover to a 40 cents a pound trend during the 1970s, give or take 10 per cent. There is no firm evidence to suggest any marked recovery from these price levels and it could be that 30 cents will be the future trend line, rather than 40 cents. If this should prove so, any wool support schemes based on the assumption of a price recovery must fail, or must become permanent subsidies.

Fortunately, however, there are industry leaders—including Australian Wool Board chairman Sir William Gunn—who recognise the nation now has too many woolgrowers and that the wool industry of the future must be based upon larger properties, fewer growers, larger flocks, reduced costs and the outturn of a product tailored to the needs of wool's customers.

Although forced to go along politically with the so-called "temporary" support measures urged by his emotional and understandably confused supporters, Sir William is attempting to focus the industry's attention on costs rather than prices. He believes the Australian wool industry's salvation—if it is to be saved—lies in reducing cost rather than raising prices. An backed by a team of brig young back-room men at th Wool Board, he is hard at wor putting together a whole seri of interlocking schemes d signed to reduce costs at almo every stage in the wool pip line—but especially between tl shearing shed and the wharf.

Unfortunately neither tin nor politics are on Sir William side. The wool industry has, hi torically been painfully slo to move. It has managed to sh some of its conservatism in th last few years, but has subs tuted emotion for apathy an Sir William is going to have use all his famous persuasi powers to push through h plans before the industry is t weak to benefit.

Sir William would have easier task had he enlighten leaders to back him. Unfor nately he walks almost alo in the industry political aphe and should he abdicate the pa of industry progress would sl to a crawl.

To-day the Australian wo growing industry is down one knee. But it is far fr finished. There will be a via Australian woolgrowing dustry for as long as anyo can foresee . . . but it will a smaller, less prosperous differently structured indus to that of the last 180 yea How quickly, and how pa lessly, the change comes abo will depend largely on a f farsighted men like Sir Willia Gunn.

AUSTRALIA XV

Meat is enjoying a boom

By GODFREY BROWN

Meat—and beef in particular—is the bright spot in an Australian farm sceoe which has been hard *hit* by the depressed state of the world market for wool, on wbicb it has so long depended.

The meat industry in Australia, the eigbth higgest meat producer in the world, is experiencing boom times, with output rising in volume and value, at a time when the country's *agricultural sector* as a whole is teoding to contract.

Meat has already replaced wool as the country's most valuable rural product, and now beef alone bas usurped the position formerly held hy wool, thanks largely to a world beef shortage wbich has made the commodity a seller's market *rewarded* hy *high prices. As* one of the world's top two beef and veal exporters, Australia has been able to take advantage of the substantial production drop and increase in domestic consumption of ita main competitor, Argentina, which has reduced that country's export potential.

In Australia, by contrast, cattle numhers are at record levels, and still rising, while beef exports are earning record prices in its major market, the U.S., wbere the Australian product is particularly suited to the hamburger and manufacturing trade.

In a world that is bungry for beef, Australia is also opening up new markets, stimulated by special diversification scheme to lessen dependence on the U.S. market. The Soviet Union is one of the most notable of the new markets, taking some),000 tons of meat, of wbicb ,000 tons is heef and the balance muttoo.

Romania is another buyer, and there are sales prospects in the Eastern bloc as a wbole, where the lack of bard currency is believed to be the only obstacle to ordering the meat that is undoubtedly needed there. A small, selective but lucrative market is also opening to Swedeo.

Australian meat goes to a whole host of countries throughout the world in Europe, North America, tbe Middle and Far East, and the Pacific, though it still depends heavily on the U.S. and Canada, U.K. and Japan.

But while tbe overall situation is currently favourable, tbe future is not without one or two dark clouds. The biggest of these is without doubt the question of market access—whether Australian meat will be shut out from its markets by a protective wall built by the importing countries, many of which are also meat producers tbemselves.

The *recent U.S.* economic moves are a vivid and immediate example of the kind of thing that can bappen, *and* although it now seems that most meat imports are, happily for Australia, excluded from the 10 per cent. import surcharge (lamh is the main exception), until this became apparent, there must bave heen one or two missed heartbeats in the Australian meat export husiness.

As it is, shipments to the U.S. are limited hy quota, as they are to Japan.

Britain, another of Australia's traditional markets for its meat, is also putting up barriers against imports and if it anters tha EEC the barriers will be much higher than at present. Tbe significance of Britain to Australia is that it is Australia's second most important market for beef, the most *important* outlet for lamb, offals and canned meat, and a growing market for mutton.

Since the beginning of July, the U.K. has operated a levy system on imports of heef, mutton and lamb, as part of a cbange in its method of farm support to hring it more in line with the EEC system.

External tariff

So far the continued bigb level of beef prices in the U.K. has meant tbe levy on beef has not been paid (lt is designed to prevent the market being depressed by low-priced imports). But the levy on lamb is payable wbatever the market price. Should Britain join the EEC, Australian meat exports to Britain will be faced with tbe EEC common external tariff of 20 per cent., plus a variable import levy.

The size of the levy will not be known lo advance, *making* trading difficult lf oot impossible when the meat bas to be shipped *halfway* round the world. Australians have long concluded that other markets will have to be developed to counter tbe possible loss or curtailment of their trade to the U.K.

The principal effect of Britain joining the EEC will probably he on Australia's lamb export husiness, and Australian trade officials privately wonder how long they can continue happily supplying lamb to Britain as an EEC memher.

The difficulty with lamb is that the U.K. is the only world market *of any* consequence (Canada also imports Australian lamb but wbether it is consumed there or re-exported to the U.S., itself a sizeable Australian lamb importer, is far from clear).

This is one reason why Australian producers who are fast switcbing out of wool where prices are the lowest for many years, are going straight into beef rather than meat-producing sbeep wbenever and wherever conditions permit.

The result has heen a big expansion ln cattle numbers, whicb reached a record 22.2m. head in March last year, 8 per cent. higher than the previous year, and are now up to 24.4m. head, according to preliminary figures from the March, 1971, census. The expansion is entirely in beef: dairy cattle numbers baving fallen slightly, reflecting the—*until* recently—over-production and depressed prices on the world dairy products *market*.

Trade experts maintain that Australia can comfortably increase its cattle berd to 30m. within 10 years to meet a demand for beef which is coming not only from the richer industrialised countries but also from the developing countries as living standards rise.

The scope for further expansion is tremendous—there are several million acres of land in Queensland known as the Brigalow country after a native tree that grows there that are being cleared and developed as pasture, largely for heef cattle raising. U.S.-owned cnmpanies are among those that are financing these prnjects, hoth for supplying the U.S. with boneless heef and young steers for fattening, and for supplying the Japanese market for beef.

World demand fnr heef ls such that trade officials admit there are more markets than Australia can cheerfully supply at the moment. Although prices in the U.S. this year are even higher than the record levels reached in 1970—the average for Australian frozen boneless cow beef in May this year at 57.8 U.S. cents a lh. was 2.2 cents over the May *1970 level*, according to figures given to last month's meeting in Canberra of the Australian *Agricultural Council*—the *U.S.* has taken only 62 per cent. of the total exports in the 11 months to the end of May against 71 per cent. in the corresponding perlod a year earlier.

This *largely* reflects the buoyancy of other markets, which must bave created some difficulties when the threat of a U.S. dock strike made it necessary for Australia to accelerate and telescope its shipments to try to fill its U.S. quota and avoid a possible cut-hack ln future.

The bigb prica of beef has helped stimulate demand for mutton for use ln manufactured meat products in some markets, thus enabling Australia to offset to some extent both lower prices and a drop in exports caused hy a tempnrary ban on its mutton imposed hy the U.S. and Canada. Increased demand for mutton is also reported from the Arab countries which are swopping their camels fnr *Cadillacs* and generally raising their living standards. Pigmeat is not a significant export commodity, although even here a welcome if temporary market has opened in Japan.

Overall, and despite what might he termed "little local difficulties," the Australian meat industry is currently undergoing the sort of boom more generally associated with *the country's* mineral developments. Its fortunes and achievements are the more spectacular when seen against a hackground of a depressed rural sector generally. Perbaps its greatest advantage, and that wbicb bodes well for its continued prosperity, is that in the world of meat synthetic substitutes are still nnly ln the developmeot stage, far from being widely and generally accepted, unlike textiles where man-made fibres bave toppled king wool from *its* throne, as none *knows* better than Australia.

Shorthorn cattle at the Exmoor Downs property in South Australia.

Fruit faces hard times

By JOHN EDWARDS

The Australian fruit industry faces a difficult time if Britain does decide to join the European Common Market. Although Australian producers of fruit, canned fruit and dried fruit do export to tha Common Market, the *bulk* nf their output bas traditionally gone to Britain, aided hy a Commonwealth preferential treatment that has helped protect them from rival suppliers. Lost in the tough negotiations in Brussels has been any form of protection for existing fruit growers, hoth in Britain and Australia.

The biggest export item in terms of value is canned fruit, with Australia and South Africa virtually sharing the U.K. market, shutting out supplies from elsewhere. A preference of 12½ per cent. duty has helped build up Australia's canned fruit sales in Britain, some 65 per cent. of the total exports worth £15m. a year. But the picture could he very much changed with U.K. entry into the EEC. While Australian canned fruit does find its way to Common Market countries—canned apricots to Germany is a strong line—it bas to jump an external tariff of 25 per ceot. In addition proposals by the EEC for high minimum import prices on canned fruit would make it a luxury priced item until domestic supplies grow sufficiently to meet demands.

It is the British who are big consumers of canned fruit, and the inclusion of the U.K. in the Common Market with the loss of preference lnvolved, wnuld leave the market wide npen fnr competition from other suppliers—California from the outside, and more dangerously tbe Italians from within the Community.

With *the* canned fruit industry in Australia already in trouble as a result of the devaluation of sterling in 1967 making it difficult to charga an economic price for some years, the prospects for a recovery do not look all that hright.

There is a hit more optimism on the fresh fruit side. The hulk of Australia's fresb fruit exports are apples and pears sent to Britain, as well as various other fruits like oranges, etc. But the important point is that Australia, as a southern hemisphere producer, is able to send its crop of apples and pears in the "summer" months—Fehruary to August—at a time wben European producers, even the Italians, are bardly producing any supplies.

However, the improvements in modern storing techniques of apples, and pears, means that the "summer" season is being squeezed shorter and shorter, especially in view of the huge surpluses of supplies that the Italians and French fruit growers need to dispose of every year. *Obviously*, they will do their utmost to squeeze Australia totally out of the market, aided by import duties that vary according to the time of the year.

An equally severa threat to exports of Australian fruit, applied to any market, is the steep increase in the costs of shipping and packaging. The abipping lines are taking an increasingly tougb attitude to charging "realistic" prices—that is, very much higber than present levels—and port charges in Britain are *also rising* at an alarming rate.

At the aame tima the somewhat *disorganised* marketing of Australian applas by independent growers and importers, *in contrast to* the marketing Boards salling South African and New Zealand fruit, *means* that on occasions Australian apples arrive at a time when the market is oversupplied or, as happened with pears this aeason, fnrward sales by growars at lnw prices falled to capitalisa on a high-price market starved of supplies.

Meanwhile tbe Government bas announced in the Budget it is to introduce a five-year "stahisation plan" for the apple and pear industry, at an estimated cost in 1970-71 of $3m. The details have *still* to be spelled out and it remains to be seen how far it can help overcome the *industry's* problcms.

The prospects for Australian dried fruit exports, the bulk of wbicb go to Britain, are equally uopromising. The collapsa of the International Sultanas Agreement means that tha world market has reverted to the free-fnr-all chaotic conditinns that nriginally brought the demand for tbe kind of stabiity the Agreement tried tn introduce. And Australia's biggest competitors are Turkey end Greece, both associata memhers nf the EEC, which sbould enjny a preferential advantage into Britain as a mamber of the Common Market.

This will ba quite the reverse of the present situation with Britain giving favoured treatment to Commonwealth supplies of dried fruit, while the superior quality of the Australian product enahles it to receive a premium price. In future, if Britain joins the EEC, Australia may still get its preminm price for dried fruit as a quality product, but this will be taken up by the extra duty involved and no longer benefit the Australian producer. Poor weather, resulting in low crops, bas not been especially kind to most Australian fruit growers in the past few years, but Britain's entry into the EEC could well make things a lot worse, driving many of the small fruit growers nut of business.

After this shake up the fruit growing lndustry will then be in a better position tn look at the many nther alternativa markets available, but the rationalisatinn is likely to be a painful process.

Apricots being classed at the New South Wales cannery of Leeton Co-operative Canners.

Militant unions win new strength

By MICHAEL SOUTHERN

It is widely acknowledged that 1970 was a bad year for industrial unrest in Australia. In that year there were 2,738 disputes involving 1.3m. workers, 2.3m. lost working days and an estimated \$A30m. in lost wages. On current performance, 1971 will be even worse. For the month of May alone, preliminary statistics show a loss of 648 working days and a wages loss of \$A10m. The first five months of this year have produced a loss of 1,207 working days, against 972 in the previous year. The total wage loss is \$A17.9m. against \$A12.1m. in 1970. What it has cost the country in lost production is another matter and no answer has yet been volunteered.

Developments so far this year have confirmed that the militance of 1970 is not to be easily dissipated. They have also shown a new direction in strike action. Strikes are no longer reserved for bread-and-butter matters like wage claims and conditions. The Australian unionist has, under the guidance of the new leader, Mr. R. J. Hawke, president of the Australian Council of Trade Unions (ACTU), developed a social conscience.

Price Maintenance

It was union action rather than government direction which brought about an end to resale price maintenance. It happened because the ACTU itself had moved into the retailing business with a discount store in Melbourne, and Dunlop refused to supply unless RPM was observed on certain items. With Dunlop holding a virtual monopoly on clothing in this country, the ACTU position was clear cut. Black bans were placed on the company, Dunlop capitulated and shortly afterwards, the Federal Government legislated against RPM. It is now outlawed.

It was union action too which made life uncomfortable for the South African Springboks on their tour. They could not travel in normal air services but had to cover long distances in charter planes and go without many normal services. The expression of union objection to apartheid was also seen with action against South African ships in Australian ports.

But even with this expression of the new found conscience it was essentially economic matters which dominated the cause of industrial unrest last year and this. The unions are in a strong position, and know it. It is only in recent weeks that there has been a downturn in demand for labour, but it is slight and has not upset the basic fact that the Commonwealth Government's policy of full employment has brought about the imbalance between demand for labour and supply.

The ACTU and its affiliated unions are continuing their campaigns for collective bargaining outside the framework of the arbitration system and it is this fact, coupled with the competitive militance of union leaders which is to be seen as the root cause of current unrest. Then again recent months have seen a new and disturbing trend in some industries, notably the motor industry, of shop stewards based on the English pattern setting themselves up and creating serious strikes independent of their unions. As yet, no one has found a cure for this problem, widely known as the "English disease."

Full employment has produced many pressures on the labour market. Australia has for many years been faced with a shortage of skilled tradesmen, and still is. The move towards capital intensive rather than labour intensive industries has not caught on, and in the chemicals industry which did try, there has been a recession which is temporary in its nature but discouraging to any other industry considering becoming capital intensive. The other side of the picture is that Australia is lagging in its programme for training specialists and tradesmen, preferring to rely on its immigration programme to produce the instant work unit. As policies go even this is felt to have backfired, for immigration is now under criticism from economists and ecologists.

Whip hand

The government's continuance of a full employment policy has, then, been a mixed blessing, giving the whip hand to the unions as friction between employers and employed grow rather than diminish.

The Australian trade unions have existed since the start of the century against the background of compulsory arbitration. There was a limited system of collective bargaining but the major determinations of basic pay, hours worked, standards of working conditions and leave have always been the province of the Arbitration Commission. Now, the unions are placing more and more emphasis on collective bargaining in spite of a lack of expertise, or even a basic set of rules to work from. Employers constantly complain that unions come back quickly for more once some sort of settlement has been reached rather than give a trouble-free contract for a fixed period of two or three years.

It is arguable that collective bargaining can exist with the arbitration system. Late last year, the arbitration court gave a 6 per cent. wage increase. For some workers, this was the only increase. For many, this was a bonus on top of rates already established with collective hargaining, or since argue[illegible] Employers themselves, only t[illegible] willing to capitulate in ma[illegible] cases, are being caught in th[illegible] vicious circle of rising labo[illegible] costs.

But there have been vario[illegible] instances of collective hargai[illegible] ing situations being resolved [illegible] arbitration—in some cases [illegible] the initiative of the arbitratic[illegible] courts. This implies that pe[illegible] haps there is room for both.

One major issue still u[illegible] resolved is that of the pen[illegible] clauses and fines resulting fro[illegible] this. Included in the Arbitratic[illegible] Act was a set of sanctions pr[illegible] viding penalties for breaches [illegible] awards by unions or employe[illegible] Unions, determined to prese[illegible] their right to strike, found th[illegible] the penalties were a hea[illegible] burden, with fines of up [illegible] \$1,000 a day possible. It w[illegible] in 1969 that the challenges [illegible] the clauses came, resulting i[illegible] the gaoling of a union offici[illegible] and a long-standing argume[illegible] over the payment of substan[illegible] fines that has led to showdow[illegible] with the Government that hav[illegible] been dramatic to say the lea[illegible] but are still unresolved.

Under the leadership of M[illegible] Hawke, the unions have foun[illegible] a new life and a new purpos[illegible] There have been amalgamatio[illegible] such as that between the e[illegible] gineers, the boilermakers an[illegible] blacksmiths and others into [illegible] powerful Amalgamated Meta[illegible] Workers Union, resulting [illegible] power blocks with a drive to b[illegible] as influential on the Govern[illegible] ment and the economy as th[illegible] large corporations. The poli[illegible] cal ambitions of the unions ar[illegible] not fully clear. While there [illegible] little doubt that they woul[illegible] prefer a Labour Government the unions have learned i[illegible] recent times that the real powe[illegible] in Australia does not rest i[illegible] Canberra, and that one ca[illegible] change the course of events an[illegible] influence major decisions from a power base outside Govern ment.

Livelier Press loses its optimism

By a Correspondent

All the optimism of the newspaper industry that we saw earlier this year is gone. Where proprietors once talked of rising circulation and extra staff, the recent economic downturn in Australia has left in its wake reduced circulations, economy measures of the usual kind (mostly sackings) and fierce competition among the major papers for both readers and advertising.

It could be that there have been too many new papers too soon; the start of the year saw the National Times start in the Fairfax stable, and the Sunday Australian from the Murdoch stable. Meanwhile, Mr. Gordon Barton closed down his Sunday Observer in Melbourne, and the paper's cause was taken up by the young newspaper empire being founded by Mr. Maxwell Newton (who, like the others, has had his own problems and has seen several of his publications disappear). It is not that people are finding television more satisfying—indeed, Australian commercial television still ranks as the most dull, unimaginative stuff on screen. Part of the circulation drop has come as a reaction to higher newspaper prices, coupled with the fact that there were suddenly more papers to buy.

The slowdown on the stock exchanges, the end of the mining boom and the tightening in the liquidity situation have been major factors in the circulation and advertising drop-off. But it is basically regarded as a temporary aberration. What is worrying is that the recovery period is taking longer than most hoped for.

Disturbing trends

While the Australian newspaper industry is noted for its comparative stability in circulation figures, there are some disturbing trends developing. The Sydney Herald, for instance, has seen its circulation drop from 296,000 at March 31 last year to 279,000 at March 31 this year. Over a ten-year period, that paper has seen a circulation drop-off of 1 per cent. at a time when all the other morning dailies in Sydney progressed—the Telegraph by 10 per cent., the Financial Review by 75 per cent. The Sydney Daily Telegraph is now selling around 321,000, against 343,000 in March of last year.

Murdoch's Australian, on a national daily basis, is difficult to assess. At one point it hit 144,000; now, News Ltd. people talk of a figure used "on and off" of around 140,000. This would be rather high at present, but the reluctance of the group to issue a figure makes even a guess difficult, but ten per cent. off would be close. The Sunday Australian figures are also kept a great secret. On publication, it topped all hopes by selling more than 400,000. Mr. Murdoch considered 200,000 a viable figure and one understands that it has now settled close to that figure.

In Melbourne, the afternoon Herald still dominates the circulation figures at 501,000. Of the morning papers, the Age says it is up on the 190,000 of March 31 last.

The National Times appears to be holding its own, with a circulation claim of around 38,000. None of the other Sydney Sundays has managed to sustain circulation in the last year. The Sun Herald dropped from 750,000 to 657,000; the Telegraph from 673,000 to 577,000 and the Sunday Mirror from 584,000 to 541,000. Those were the March 31 figures. Since then, the downtrend has continued, and a realistic estimate for circulations now would be Telegraph 555,000, Sun-Herald 640,000 and Sunday Mirror 510,000.

Editorially, the Australian Press is essentially middle class and Right wing. Only The Australian stood as a radical paper (unless one takes Gordon Barton's "Review" seriously), and its future as such is now in question following the changes in editorship. Essentially, Australian metropolitan papers provide a basic though often sterile news coverage of world, national and local events. In the last year, editorial policy has been much more lively particularly in the political field where the Government was hardly being challenged by the Opposition, and so the newspapers took on the opposition role. The Australian in particular was strong here, so was the Melbourne Age, both papers demanding the resignation of Prime Minister Mr. John Gorton; both taking firm stands on the Springbok's tour. The new Prime Minister finds little comfort in either.

Australian content

But just as the papers are lively and getting more so, Commercial television is bad and getting worse. At present, it is an industry in turmoil over arguments about the Australian content of the programmes (the station owners prefer to simply show films as the main programme each night). The difficulty lies in the fact that Australian programmes are not very good and mostly about cops and robbers or kangaroos.

The Australian Broadcasting Commission, for its part, is a pale imitation of the BBC. Its political coverage is governed by a rule that both sides must be represented; so when the opposite view to any question is not available, then that question is not discussed at all. But it does offer the only real news and current affairs coverage on television to-day; it has produced a few local programmes of international standard but really thrives as the outlet for the BBC programmes.

Despite their intellectual poverty, the commercial television people have been making inroads into newspaper circulations and advertising. Th[illegible] advent of colour television ([illegible] this reluctant Government and group of reluctant statio[illegible] owners ever do allow it) wil[illegible] bite even more. On the adver[illegible] tising side, television's impa[illegible] over the nine-year period fro[illegible] 1961 to 1969 has been great. [illegible] the \$A193.9m. spent in adver[illegible] tising in 1961 TV took 15 p[illegible] cent., print 61 per cent. an[illegible] radio 11 per cent. In 1969, o[illegible] the \$A376m. spent, televisio[illegible] was up to 24 per cent.; prin[illegible] back to 54 per cent. and ra[illegible] more or less static at 10 p[illegible] cent. Basic forecasts for th[illegible] future indicate that by 1975 when some \$A860m. will b[illegible] spent by advertisers, the prin[illegible] share will be 52 per cent., tel[illegible] vision 30 per cent. and ra[illegible] static still at 10 per cent.

In the latest debate abou[illegible] Australian commercial te[illegible] vision, and the push by loca[illegible] actors and producers for mo[illegible] of their programmes, the issu[illegible] of ownership has once aga[illegible] been raised. This is a diffic[illegible] problem. The bulk of Austra[illegible] lian communications is tied u[illegible] in three major empires—Fair fax, Packer and Murdoch. I[illegible] particular, the Fairfax grou[illegible] and Packer's Consolidated Pr[illegible] control a great deal of the m[illegible] media both directly, [illegible] through their shareholdings [illegible] other companies. And, unli[illegible] the British operators, the[illegible] licences are not up for period[illegible] review nor are their ideas o[illegible] what makes good television pro grammes questioned by the Government or any other statu tory authority.

Tuna fishing off the New South Wales coast.

On this and the following page, aspects of the country's secondary industry sector are discussed. The article immediately below considers the effects of tariff changes.

Radical new thinking on protectionism

By DESMOND KEEGAN

Secondary industry has long distorted resource use in Australia, but planned tariff reviews could put the country on an attractive growth trend if Canberra follows the Tariff Board's present thinking.

The Tariff Board has already been strongly attacked for taking tha relatively mild position that a systematic review of protection be instituted. And few would deny that Australia's economic growth rate has been less than dramatic over the past generation.

Early 1930's

At base the slow growth rate rests on a jumble of protected industries and preferencea springing from the depths of gloom in the early 1930s. Australia attained a superficially fair growth rate on world standards in the post-war years hut closer examination showa massive immigration and price inflation took the edge off real par capita growth.

Now, perhaps for the first time in a genaration, Australia faces a strong period of growth based on efforts to restructure the economy and on secondary industries drawing on the country'a vast raw material wealth. The restructuring by trimming protection in sectors with little justification will be assisted by a strong foreign reserve position. The old argument that marginally efficient industry saves foreign exchange loses a lot of its validity in a country which has enough gold and foreign currency to pay for more than six months of imports. Some Australian economists are also questioning the size of handouts given to rural exports which have heen past stalwarts on the foreign exchange scene.

Not that the entire secondary industrial spectrum is inefficient by world standards. Many Australian companies have broken convincingly into world markets and others are turning to the export market.

The rays of light emerging simultaneously on the industrial scene derive partly from Government agancies and to a greater extent from soundly-based economic factors.

The Fedaral Government (with elements of the Country Party opposing) has fired the first shots in a campaign to soften the community up for the proposed industrial tariff changes. On August 9 the *Federal* Government's ban on resale price maintenance hegan. Massive demands for capital in highly-profitable raw material industries bas begun to aipbon off available funds from lesa efficient industries. Pollution in crowded northern hemisphere nations bas set the stage for a great deal of processing and upgrading in Australia's atill wide open spaces.

The *period* to 1980 may prove a testing time for many industries if the review programmes foreshadowed by the Tariff Board is initiated and if the Government actually implements the findings in its economic policies. The Board wants to provide a basia for the most effective allocation of resources within the economy. And, naturally, this *implies* a lot of reallocation of resources between manufacturing sectors and between those sectors and primary and mining areas. No serious economist expects this to take place overnight but most ohservers at least hope for an end to the chorus of pleas for protection in small, inefficient industries which have long kept Australian productivity low on world standards.

This has a profound implication for the future hecause manufacturing industry ahsorbs about 1.5m. of the nation's total labour force (nearly 6m.). Since the inflation is mainly cost-push erosion employers will be loath to easily grant wagc increases unrelated to productivity. Local and import competition will prevent employers passing on wage rises as they have done with impunity for generations (the 1960 credit squeeze era excepted).

A further implication of discipline in wages and prices is that thc hig raw material industries will be able to bid labour and other resources (capital, especially) away from the *industries unsuited to* the *Australian economy.*

Vast steel mills based on exports and located at Westero-port Bay, Vic., Jervis Bay, NSW, and Geraldton or Kwinana, WA, are among the labour intensive industries which will ahsorh labour and resources in this country between now and the 1980s. Australia will be producing about 10m. tons of steel before 1975 and another $1,000m. steelworks will be built on the eastern seaboard with, perbaps, a similar export-based facility in Western Australia. These are hased on export trade and will be built by international consortia.

It is these profitable market-oriented industries which will provide tbe outlet for capital now seeking refuge in protection havens *sheltered* be*hind* billion-dollar tariff walls.

Cheap power

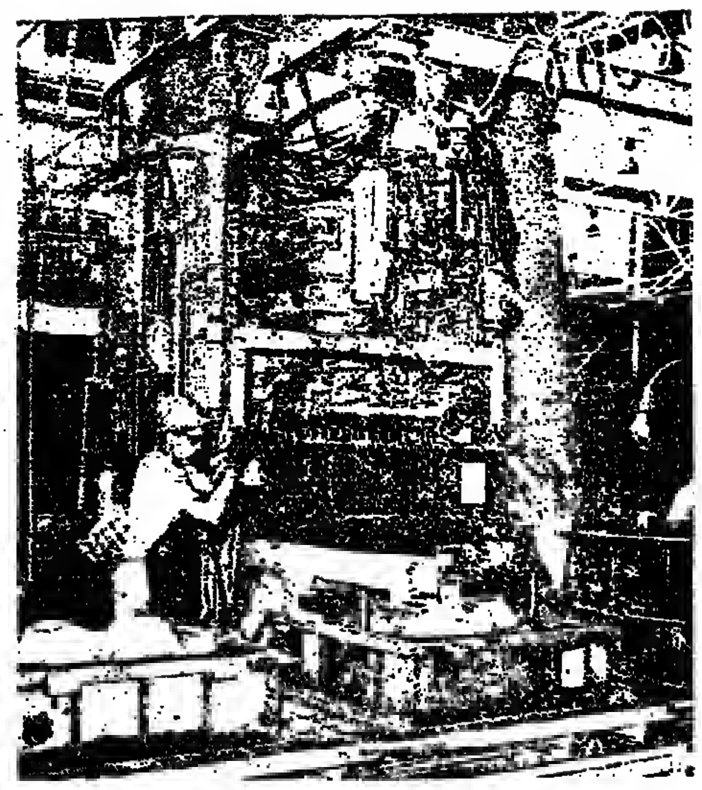
There is also sound reason to hope that processing industries based on cbeap (natural gas) power could spring up in remote places such as Port Hedland, Geraldton, Weipa and the alumina-hauxite scheme on the Admiralty Gulf (AMAX). This is in line with the *Pacific* Rim evolution where the major emphasis of Japan's exports in the early 1970s will change from steel and motor cars to sophisticated technical equipment like computers. If Japan's growth rate continues around 10 per ceot. a year, the demand for Australian raw materiala will increase between 10 and 15 per cent. a year. Since a lot of this material will be highly processed, Australia will scarcely be able to wasta its capital on industries like textiles, shoes, white goods aod otber produrts which can be brought in at a fraction of the cost of Australian produced goods.

It is also argued that the "investment allowances" dropped by the Government in the 1970 budget should be reintroduced. But, the reasoning goes, only those industries which can live on unprotected world marketa should attract this allowance.

Trade surplus

There is no real fear that Australia will suffer by running a trade surplus with Japan. The Japanese have a highly favourable trade balance with many countries (up to the time of the yen being allowed to float)—particularly the U.S.—and it accepts the Australian trade balance as natural and an economic fact of life. Australia can bope to reap about a three-to-one benefit by upgrading from straight raw material shipments to processing. This has a large potentially favourable balance of paymeots implication hut its real impact will tend to rest on its significance fnr economic growth and development.

Australia has done very poorly in per capita growth terms even if the rapid population hoost bas maintained aggregate economic growth at internationally respectable levels over the last 20 years. The potential contribution of mineral processing to per capita national growth is vast. It flows from the capital nature nf mineral handling, economies of scale of a technological nature and the development of world-wide mineral markets. Mineral processing provides nnt only au aconomic potential for balance of payments growth but a nuclei of industrialisation. The degree to which Australia draws resources out of inefficient secondary industry in favour of sophisticated upgrading in raw materials will prove one of the determinants of its economic growtb. And the Government's pricing policies on exports will also have a large bearing on the nation's growth. To date the Government has not wnrked out even the beginnings of such a policy.



Engine moulds on the production line at Chrysler Australia's plant at Lonsdale, South Australia.

The motor industry and Japan

By MICHAEL SOUTHERN

There never were quite so many new models on the market at once. A new Chrysler range fwith anotber range to come), the oew group of 13 Holdens, Fnrd's new Cortina, BLMC starting its contribution with tbe mini Cluhman. Happily for the industry, the new cars have stimulated a little more buying intarest, in spite of prices increases, and some of the *gloom* that hangs over the local manufacturers is beginning to lift.

But there is one cloud over thc whole Australian motor industry that cannot be shifted —Japan. Indeed, if tariffs are ever reduced, it could becomc a deluge of imports that will aeriously damage local makers. In the last financial year, of the 67,000 cars imported 51 per *cent. (34,000) came* from Japan. Added to tbis was a small number of Japanese cars locally assembled. With this, the Japanese have now become the third supplier of vehicles to the market, outstripping British Leyland and Chrysler and now, with some 18 per cent. of registrations last July, challenging Ford for second place in tbe local market.

In local sales, General Motors-Holden is still the leader, with a six-month average of 33 per cent. of the market up to June this year, and around 35 per cent. *of the* market in *June* itself. The new model's appeal has still to be gauged, and the 35 per cent. figure is sligbtly false in tbat it reflects the effects of a run-out campaign for old models at discounted prices. Ford is still sitting second with its 21 per ceot. of registrations, followed by the Japaneae, and then Chrysler at 10.3 per cent. in June.

For British Leyland, the last few months have not been good. Its market sbare has been declining and continues to decline. In January-February of 1970, BLMC held a market share of 10 per cent. In the first two months of this year, it was down to 8.1 per cent. By April it had dropped to 7 per cent., and June saw a market share of 6.84 per cent. It is over BLMC that the *clouds* of gloom hang heaviest. Suffering great losses last year, thc company has adopted a bold policy of new models and greater local say in design and marketing strategy. It is not yet showing fruits, but the results will become apparent over the next 18 months.

Given their choice over again, the local makers—Ford, Cbrysler and General Motors from the U.S. and BLMC from the U.K.—might well decide that it really is hetter to manufacture abroad and export to Australia, as the Japanese do *with some success* and as *Volkswagen* did, and changed a loss situation from manufacturing here into a smaller but profitable market share by importing and only assembling herc. The local market is now in the order of some balf a million vebicles a year.

In the year to the end of June local makers produced 319,974 cars and 54,000 station wagons. The rest was made up of imports. In making cars here, manufacturera are faced with high tnoling costs and short runs, so that new models usually mean a minor facelift to last year's car rather than a totally new design such as is apparent in the recent releases.

Export base

But Australia has proved worthwhile as a base from which to export, mostly to New Zealand, South Africa, the Pacific Basin, tbe Asian countries and the West Indies. More recently markets for Australian cars have begun to open in Europe and Britain. Fnrd of Australia has a chain of 30 dealers in Britain for its bigger cars: Chrysler has been exporting Valiants, and selling them at prices which make Jaguars look inexpensive.

In the last year, around 12 per cent. of locally made cars *have been exported—a percent*age which some manufacturers say is higher than the Japanese equivalent. And tbe companies are becoming more and more awarc of the export potential of this country where, so far, industrial prohlems have not heen anything like on the scale of Britain or costs rising as fast as in the U.S.

In the last financial year, motor car and *station* wagon exports were worth $A59.7m., while accessories and spare parts added a further $A34m. to the total. In all, cars, parts, trucks, amhulances, fire engines and other road vehicles were worth $A111.7m.

Just how important this market is to local manufacturers is indicated in the new Holden range. The top end of the range is simply marked as General Motors. There is no trace of the Holden name on it at all, indicating the first move to internationalism here. Since General Motors began to export Holdens in 1954, it has earned $234.6m. overseas. G.M. now exports around 17 per cent. of its production.

Ford began to export ten years agn, and has earned $A100m. *in that time* as a result. That company now exports 20 per cent. of its local production. BLMC exports 17 per cent. of its production. Chrysler last year *exported 10 per cent.* of its production and earned around $9.5m.

The Americans are preparing to meet the Japanese challenge by joining them. Chrysler and GM each have Japanese affiliates and the results of the Chrysler deal will be seen soon when the Colt-Galant range, hased on Mitsubishi cars, is released. These deals could have important ramificotinns for hoth Australia and England particularly if, as has heen suggested, some of the companies hegin to switch their sources of supply from Britain to Japan. Fnrd is talking with Toyo Kogyo while the only BLMC affiliations at present stem from an assemhly deal with Toyota through a subsidiary company.

In meeting the challenge locally, the most significant development appears to he an agreement by the companies on common design of certain parts such as axles. This will result in a cost benefit for the manufacturers and make life a great deal easier for the outside components industry which will be enabled to provide all companies from common moulds and designs, and let the car *makers themselves* do any fancy trimmings that are required. It means that some will need to share their designs of axles and gear-boxes.

AUSTRALIA XVIII

Interstate rivalries hinder steel plans

By DON LIPSCOMBE

The six-month-old West Australian Labour Government is at the early negotiating stage with possible participants in a west coast integrated iron and steel industry between Perth and Ceraldton, which is 240 miles up the coast from the State capital. Australia's monopoly steelmaker, the Broken *Hill* Pty. Co. Ltd., is being looked to as the linchpin of this operation. But already feelers bave gone out to other Pilhara iron ore miners, including the RTZ subsidiary Hamersley Iron and Consolidated Cold Fields.

And this is the latest of a serias of tentative hut loudly heralded steps, so far abortive, towards a second phase in the development of the industry within Australia. They can be traced back to the early 1960s, when Tasmania was given what read as a firm assurance from the Savage River mine entrepreneurs that Australia's next steel plant would be established in Tasmania—as well it might he even now. But it has become increasingly obvious that careful hedging is needed in reporting the developments that explode and disappear during the birth of another steelmaking company or consortium to line up against the successful BHP, far and away the nation's biggest industrial concern.

Already this year, four steel mill plans for the west coast alone, involving more than a dozen potential participants, have been discussed publicly. Steels mills have been considered in Queensland, South Australia and Tasmania. This does not include the Jervis Bay operation in New South Wales, which is perhaps the best place to start tracing through the various trails into this high-powered forest. It is planned to use West Australian iron ore and eastern coal, and this is the common denominator of all the schemes that have come to light.

Australian Iron and Steel Ltd. works at Port Kemble, New South Wales.

$700m. scheme

The Jervis Bay plan originaled in September, 1969, built around U.S. steelmaker Armco, and the original grouping was Armco Steel Corporation, Bethlehem Steel, Kaiser Steel Corporation, with RTZ group companies Hamersley and Conzinc *Riotinto* of Australia. Bethlehem pulled out in December, 1969, and about the same tima reports of British Steel Corporation interest were refuted. A year ago, iron ore prospecting partners Hancock and Wrigbt, soon to float off as a public company, announced they would become part of a $700m. Armco steelmaking scheme, which by then included August Thyssen-Hütte. And il is at this point tbat the arrangements start to become untidy.

In basic framework, tbe plan was to have steel works on hoth coasts, backloading coal to the west coast after taking iron ore eastwards. Each plant was to have a 2m.-ton initial annual capacity, building up to 10m. tons. This far exceeds domestic needs, and even the needs of neighhouring areas. So a captive market was beeded. Australia was heing nudged towards hecoming a total warehouse for iron and steel needs, from ore to semi-finisbed steel. Thus existing steelmakers were heing encouraged to link up in this chain. The objective was 50m. tons annually of semi-*finished steel* for *export* by 1985, with plants at Jervis Bay, in Western Australia and in Queensland.

Armco moved beyond the framework of negotiation that had been set up and began to deal directly with Hancock and Wright. Six months later Mr. Lang Hancock said the Hancock and Wrigbt deal with Armco was off, adding that be believed the Liberal Covernment bad engineered this break. In March, Hamersley's chairman Sir Maurice Mawby told the annual meeting in Melbourne that plans for the steelmaking complex had been abandoned. But Armco's president, Mr. Bill Verity, pronounced the scbeme still very much alive, involving Armco, Kaiser and Tbyssen; "and it is possible that other world steelmakers will join the consortium at a later date." Nippon had been revealed in December as one such company that bad sbown interest.

It was at this stage that the Hancock and Wright iron ore reserves became, or appeared to become, critical to the next step forward. Apart from talks with Armco, Hancock and Wright had completed agreements with Texas Gulf Sulphur, on one group of claims, and with the Mt. Isa copper mine parent company MIM Holdings and Mt. Goldsworthy on another. Clearly, West Australian iron ore supplies were crucial to another steel industry. Hancock and Wright had effectively given the impression that only through them could access to iron ore be secured: and this is a debate yet to he resolved.

Rolling mill

Meanwhile in April, BHP and *the West Australian Covernment* did their own bit of kite-flying, with an announcement that the Mt. Newman iron ore group had studied production of iron ore at Kwinana. The site would be the BHP rolling mill in the industrial complex south of Perth, a plant tbat had been built as a quid pro quo for access to what was then believed to he Australia's best available iron ore deposit, at Koolyanobbing, near what is now the nickel belt. And the participants would be the members of the Mt. Newman consortium—BHP, the Colonial Sugar Refining Co., Amax, Selection Trust, Mitsui and C. Itoh.

The announcement coincided with a Sydney convention of steelmakers, which was followed by a tour around the Pilbara iron ore deposits. Again it was made clear that there would be vacancies for others in the Kwinana steel club, wbich would be set up on the pbilosophy of using West Australian iron ore to produce semi-finished steel for export to club members and their friends. Production was contemplated from 1975, starting at 2m. tons a year with scope to build up to 10m. tons.

Two other projects have heen reported for Western Australia. Armco has suggested producing 500,000 tons annually of steel balls in the Pilbara, so long as the company has access to Pilbara iron ore. This proposition is not considered realistic, and Armco is suspected of seeking to use the sale of direct-shipping iron ore to subsidise its Jervis Bay steel mill aspirations. And Hamersley is a potential steel producer in the long term, with the likelihood of the company's Himet material, developed with several other major companies, being used in an electric furnace. But this would call for significantly lowered power costs and elimination of technical and marketing problems bugging the Himet development.

It can be seen lhal a new Australian steel industry is an emotive topic. It is handicapped by interstate rivalries and machiavellian manoeuvrings and flag-waving by the companies and politicians concerned. Perhaps the clearest guidelines to the next development will come when iron ore reserves held by the West Australian Government are sliced up and distributed, for Australia is as eager to have another steelmaker as the companies concerned are eager to secure some of the world's richest iron ore. But it seems unlikely that firm proposals will be prepared and accepted within the next year—which means Australia's second steelmaker would be struggling to start production before the end of the decade.

Rationalisation in the chemicals industry

By ALAN WOOD

Through an important part of its formative years the Australian chemical industry resembled a comfortable club, with the ICI subsidiary Imperial Chemical Industries of Australia and New Zealand as its founding and leading member. The attitude engendered in those pleasant years free from disturbing international competition has been slow in the dying.

Management has been an all-too-ready resort to protective harriers as an alternative to facing up to uncomfortable realities.

But internal and external economic pressures and the very force and pace of its own growth are hreaking down old attitudes in the Australian chemical industry.

An undoubted turning point in its development was the Tariff Board inquiry into the industry in the mid-Sixties. By then most of the industry's basic structure had been laid down.

During the war the size of the industry in terms of both employment and production virtually doubled, and continued apace in the period of ebullient post-war growth. Between 1947 and 1960, 18 major chemical plant construction projects got under way, including the two major Australian chemical complexes at Altona in Victoria and Botany in Sydney, New South Wales.

But the years to 1960 were also the years of import licensing in Australia, with the provision of total protection as an inducement to establishing plants locally. Many Australian industries established during this period shared the chemical industries faults of uneconomic siting, inadequate feasibility studies and excess capacity. When import licensing was removed in 1960 the chemical industry was well up the queue for increased protection. The industry first asked for a comprehensive tariff review in 1961 but was told to go away and do more homework by the Department of Trade, wbich gave il helpful advice on preparing a case. In the meantime important sectors of the industry enjoyed high emergency protection under Australia's temporary protection machinery.

The companies that were then the big six of the industry—Icianz, Monsanto, CSR Chemicals, Altona, Shell and Union Carbide—prepared their case for the Covernment and formed the Australian Chemical Industry Council (ACIC) in 1963 to represent the industry. They got their tariff inquiry in October 1963 and the ACIC presented a vast two-volume case for protection to the Tariff Board. It was a tariff inquiry of unprecedented magnitude and basically the industry wanted the Australian market closed off to imports—stabilised was its euphemism—for a period of five years.

New policy

It had the support of the Government, or al least of the protectionist Sir John McEwen, for the terms of the inquiry instructed the Board to ensure the "reasonably profitable" development of the industry. Tbe industry did not get all it wanted but it got a substantial part of it. However, the inquiry also drew a great deal of attention (and criticism) to the industry. And it took place at a time when the tariff Board under its chairman Mr. G. A. Rattigan (wbo was one of the three Board members to deal with the chemical industry) was formulating a new tariff policy for Australia.

The new approach to protection, recently endorsed by the McMahon Government following McEwen's retirement, does not promise an easy life for the chemical industry. Its aim is to discourage high cost, high protection activities aod to encourage resources and investment into the lower cost areas of the economy. That means that significant sections of the chemical industry will he under heavy pressure, and the Board has asked to look at the industry again in 1972. The 1969 tariff inquiry undoubtedly represented the high water mark of industry protection.

The board's new approach was only in its formative stages at the time of the first chemical industry inquiry, but the sort of problems the industry faces and the action it can expect to be forced to take is highlighted by the case of the large section of the industry producing nitrogenous fertilisers. In 1966 when the Tariff Board looked at the industry in the cbemical inquiry the Australian industry had the capacity to produce only about two-thirds of the market's requirement for nitrogenous fertilisers. However, in the following three years it expanded its capacity remarkably with the establishment of three huge new plants by Austral-Pacific Fertilisers (Dow Chemical of U.S. 40 per cent., Swift and Co. U.S. 40 per cent.), Eastern Nitrogen (Icianz 50 per cent.—with CRA, Japanese, American and Australian institutions the other 50 per cent.—Icianz dominates the industry) and Kwina Nitrogen (British Petroleum Co. Australian 80 per cent.). By 1970 it had the capacity to provide two end a half times the market requirement and the best estimates available indicated that capacity would not he in line with market requirements until at least 1976. The industry approached the Government requesting a subsidy of $29 a ton and was sent back to the Tariff Board. The hoard's report was a damning indictment of the industry. It attacked it for poor market research and for the deliberata installation of excess capacity as part of the competitive strategy of rival international groups in the Australian market.

No bounty

The board recommended, and the Covernment accepted, *that* tha industry receive no bounty or any other kind of protection at all. This has hastened rationalisation in the industry with Austral-Pacific and Icianz getting together to salvaga what they could.

The fact that the Government and tbe board took tbe attitude they did to fertilisers—a industry accounting for about a quarter of funds employed in the *chemical industry* as a whole in 1969—does not suggest any easy time for the remainder of the industry when it comes before tbe board in 1972. Fortunately, there are signs of changed approach in the industry itself, showing up in rationalisation moves. With its strong growth rate, running at 16 per cent. a year through the 1960s and its strong productivity growth—nearly three times manufacturing industry average at 11.0 per cent.—the industry is a large and vigorous sector of the Australian economy. If it can learn to live with itself and more modest levels of protection it is assured of further strong growth in the 1970s.

هكذا من الأصل

The vast distances and relatively sparse population make transport links vital to the country. The next five articles deal with different aspects of physical communications for the sub-continent.

Transport network still spread thinly

By MICHAEL SOUTHERN

It's a long way to anywhere in Australia. Distance is the factor which dominates, and has done more to shape the way of life in this country than any other single factor. There are 13m. people spread over 3m. square miles and around a 12,000-mile-long coast line. There are new towns developing that are not accessible overland, and are reached only by plane or the long sea route around the coast.

The communications problem, in European terms, is that of having adequate facilities to serve cities as far apart as London and Moscow and the Mediterranean and Scandinavia without having the population to pay for it.

This has in turn been part of the reason for the urbanisation of Australia, where the bulk of the population occupies a comparatively small area of land, and its cities are vast sprawling webs of homes and industries which, because of the sheer cost of transportation to the major markets, cannot decentralise.

And, as has been recently shown, any variation in transport costs has enormous effects on the economy. Thus, a 2 cent a gallon excise increase in fuel prices has set off a round of rises in transportation costs in the first of which was reflected in a 8½ per cent. rise in air fares. In time, the burden will *reflect itself through to retail* prices.

In the last financial year, gross fixed capital expenditure on new *assets* in the field of aviation, roads, railways and other transport and communications totalled $1,025m., just over one third *of* the *total* $2,901m. figure.

Rail system

Yet, even this sort of massive investment does not show a great deal when spread so widely. Of its 561,000 miles of roads, only one fifth is sealed and barely 2 per cent. of that is dual carriageway. The result is delay and a high road toll, which costs the nation more than $380m. each year. The problem of the roads is heightened by the fact that in the face of what is generally regarded as a high cost rail system there has been an enormous development in the bulk road freight business, now worth more than $500m. a year as all sorts of large sophisticated vehicles are used to meet the company promises of overnight delivery between the eastern capitals.

Some are looking at the advantages of linking their road operations to the standard rail link from east to west and the use of containerised packing. Thomas National Transport is already rooting trains for this purpose.

Airlines have developed a vast network of routes, between capital cities and to the remote areas of the country. But they too are faced with the eternal problem of rising costs of the new equipment that the distances and travellers demand, and the costs of running them. In some routes, the switch from turbo prop aircraft to pure jets has been reversed, or delayed as the *rising cost factor* was added to by the declining rural income and, thus, declining demand.

But the real problem is that *of the railways. They developed* prior to World War I in a great construction boom, based around the patterns of different gauges in different States. Only in the past two years has the uniform gauge linked Perth in the West to Melbourne, Sydney and Brisbane. Then, between the years 1920 to 1950 came a phase that has aptly been described as "creeping obsolescence" as rail services deteriorated with the shift of resources into road transport and the havoc that the depression years played on the various State budgets. The railways took the brunt of economies. And overall there was the problem of interest to be paid on a vast accumulated debt.

Over the past two decades there has been evidence of rejuvenation brought about by standardisation, the new and more efficient rolling stock that diesel offered, and the closure of some uneconomic stretches. At the same time, the competition from other transport facilities has increased: air in particular has taken a great deal of the passenger traffic, though on the really long distance runs such as Sydney-Perth, where air fares are high and comfort standards low, the railways are running full trains, booked well ahead. In the urban areas, *development* has been slow in spite of the increased demands by the growing populations. Melbourne is to build an Underground *system*: Sydney's suburban train system is primitive to say the best, with uncomfortable and outdated rolling stock. At the same time railways, like other transport forms, *suffer* enormously from inflation and more than the others in wage rises because of their high staffing requirements. In spite of the cheer of recent years, it would be foolish to suggest anything else other than the fact that there are inadequate resources for maintenance of existing systems, let alone expansion.

No guarantee

Other communication forms—postal and telecommunications—are reputed by the Post Office to rank among the best in the world. But it is an expensive service and not necessarily as efficient as the Post Office might claim. The cost factor is again important, particularly now that money is tight. The increased pressure that the Post Office is putting on its telecommunications users for payment is rude and merciless: the improvements in service negligible. To *have* letters delivered quickly one now has to pay a vast premium and even that is no guarantee.

The telephone network is lagging sadly behind demand, though those who have them have access to a vast subscriber trunk dialling network that covers much of the nation. But the Post Office philosophy on telephones is spelt out by the director general, Sir John Knott, in the Melbourne Age of July 26. "Simply to add new customers to the network by providing them with a telephone and a line to their local exchange is to invite chaos—the sort of chaos that has been experienced *in* major cities overseas like New York where some critics claimed that the telephone system had almost ground to a *stop*."

Telecommunications here is an industry that demands vast capital expenditure. In 1970-71 it totalled $322m., for 1971-72 the budget allowance is $347m. So far, well over $2,000m. has been spent on telecommunications. At least that much again is the requirement for the next five years.

New port developments for specialised uses

By a Correspondent

One of the most important developments to come from the Australian minerals boom has, in the north of the country, been the redevelopment of old ports and the construction of new ones. The coastline from Rockhampton in Queensland round to Dampier in Western Australia has seen remarkable change as the new mining towns and ports have developed, or are still being built, to accommodate the *super size ships that are* transporting the ores from these areas to foreign or Australian destinations.

Gladstone has become the shipping point for Queensland Aluminium's 2m. tons per year alumina production and an outlet for coal at a projected rate of 18m. tons per year. New berths to take 100,000 d.w.t. ships are under construction. Weipa, developed for Comalco's bauxite mine, is already the world's biggest bauxite port, handling 5m. tons a year and being duplicated so that by the end of next year it can double its capacity and handle 90,000 d.w.t. ships. Across the Gulf of Carpentaria *lies* Gove, a new port again for shipment of bauxite, which has begun, and alumina which will be processed some time next year. When, it is designed for 60,000 d.w.t. ships. At Darwin, the old port is being redesigned at a cost of $19m., Yampi Sound is to be expanded to take 100,000 d.w.t. ships. Port Hedland has become the centre for iron ores from Mount Newman and Mount Goldsworthy, handling shipments of 19m. tons and is designed to cope with 40m. tons by 1975. Dampier is a privately developed port for Hamersley Iron, again with a capacity for 100,000 d.w.t. ships.

Cape Lambert is perhaps the most ambitious for, when *finished*, it will provide two bulk loading berths at the end of a mile and a-half-long jetty with a capacity for 15,000 d.w.t. vessels.

Yet, in spite of this rash of development in the north, and the plans for enormous expansion at Botany Bay to the south of Sydney, there has been a great deal of concern about whether the developments will be able to cope with the increased trade that is expected over the next decade. The northern ports are specialist affairs, some privately owned and of little real use at this stage of the north's development to anyone but the companies which have built them and use them.

But trade with Japan alone will increase fourfold in the *next ten years*, and the Japanese in particular have raised doubts about future capacity. As they see their future trade with this country, a programme to improve facilities so that a capacity of 3,380m. tons can be handled by the mid-1970s is required here.

The bulk of current development in the south lies in dredging and improving existing port facilities rather than planning new ones. In NSW for instance there is a $23m. improvement programme under way. This concept of making existing city ports bigger has been the subject of a great deal of criticism as four or five major ports become bigger and bigger, adding further to problems that have begun to develop of overcrowding and the transport handicaps that arise as a result.

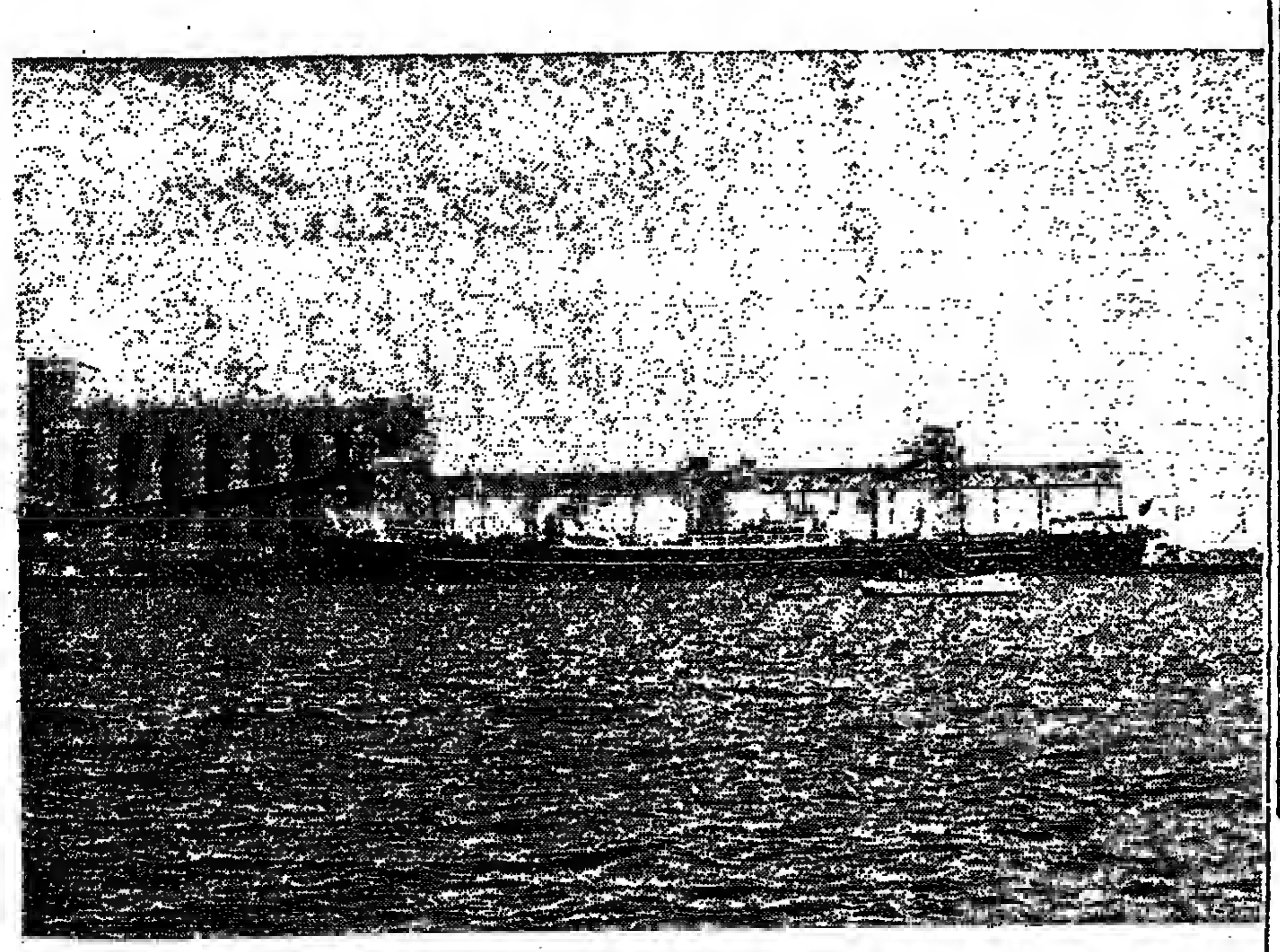
General cargo

While the Botany Bay project, which will cost $85m., is for a virtual new port, the concept is simply that of an extension of an existing port close to a metropolitan area. When this port is fully developed by the mid-1980s it will be able to cope with ships up to 200,000 d.w.t. and have the first single point mooring system in Australia to serve its liquid cargo terminal. Its capacity for handling cargo will reach 15m. tons a year by the end of this decade, and the nature of the cargo will have changed from oil which dominates the port use at present and a small amount of chemicals to a more general nature of grains, concrete materials and steel.

The real problem to be faced however is that of a deepwater container port. It is becoming clear that neither the existing nor projected developments at Sydney or Melbourne will be able to cope with the super size container ships of the future without enormous redevelopment and capital expenditure. Equally, the $7.5m. developments for a "super port" at Port Lincoln in South Australia and the proposed 100,000 d.w.t. plan for either Wallaroo or Ardrossan in that state will not suffice.

One proposition which has been made, and lobbied with some intensity around Australia and London, is for the development of a container port at Port Huon in Tasmania.

The argument is that this area in southern Tasmania could readily handle the requirements of a master container port from which the new generations of container ships could offload to smaller vessels which would then serve the Australian coastline. The case presupposes the use of deep sea container vessels of 70,000 d.w.t. and claims the advantages of a natural deepwater harbour that is well sheltered. As yet, this proposal has received little support apart from that of the Tasmanian Government.



The grain handling port at Geraldton, Western Australia.

AUSTRALIA XX

Shipping goes through a difficult period

By GRAHAM KAVENAGH

Spiralling freight rates, industrial disruption, a challenge by wool exporters to the conferenca system and increased sophistication of vessels serving Australia's overseas trade: these are the main issues of a relatively stormy period for the Australian shipping industry.

Development of the industry has heen characterised by the vast penetration of containers into all overseas trade routes. Around the Australian coast it has been forecast that the last conventional ship of break-bulk cargo handling will disappear by 1980.

In the Australia-to-Europe trade, the fleet of container ships bas grown to 13 with only one more to come—that of the Italian line Lloyd Triestino. To Japan, the Australia Japan Container Line, managed by Overseas Containers, has put its two container ships on co-ordinated schedules and cargo pooling with those of the three Japanese container ship owners, Nippon Yusen Kaisa, Yamashita Shinnihon and Japan Australia Lioe.

Also on the Japan run is the Australian National Line initiated Eastern Searoad Service. In the past 12 months the ESS fleet bas grown to three vessels. The newest, owned by Flinders Shipping of Melhourne, returned the Australian flag to private enterprise sbipping after a 50-year ahsence. Now the ANL is pressing for a fourth ship from Japanese owners to make the ESS vehicle deck container ships a joint Australia-Japan service.

On the cargo route to the east coast of North America, the first two of 12 container ships have emerged and the conventional fleet is dwindliog. On the U.S. west coast trade, two of three 20.300-ton roll-oo, roll-off vessels are now in service with Pacific Far East Line, which assumed control of Matson's service, upgrading toonage In preparation for two container ships or perhaps a LASH (lighter aboard ship) vessel.

Containers have won the hattle for acceptance in Australia. Even facilities which, with hindsight, can be criticised for inadequacy are no longer under the hammer of puhlic outcry. Rather, this outcry has been directed at a spate of freight rate increases on all trade routes, which have heen cited by trade groups such as the Export Development Group of NSW as the higgest frustration to the growth of Australia's overseas trade. Overall, Anstralia's transport bill to overseas markets has gone up hetween 15 and 20 per cent. in the past 12 months with little indication, as in any other part of the world, that an end to the spiralling freight charges is in sight.

It was in this area that the Australian Wool Board, urged along by an industry bogged in the despair of unprofitability, directed a fury it knew could not be misspent. As a result of threats of an outsider service, shipowners on the Europe run agreed to hold pricea for the 1971-72 season after general cargo exporters bad agreed to a 15.75 per cent. rise.

U.S. trade

In the trade to the U.S. east coast, wbere now only 80,000 bales are sbipped a year as against 200,000 several years ago, the Board is fighting a threatened 25 per cent. increase in freight charges. It has strongly maintained it will go "outside," and discussions are believed to be under way with the Norwegian, Star Bulk Shipping.

For Australia, it has been more than unfortunate that, at a time when most rural industries are finding the going hard, freight rates bave emerged as the threatened straw which hreaks the camel's back.

The Australian waterfront, never much of a practical lessoo in good relations hetween employer and employee, has contrihuted greatly to shipping costs. The Australia Northhound Shipping Conference is currently seeking a 15 per cent. increase in rates (from Octoher 1) after an increase of 20 per cent. in February. Its reason is the cost of industrial disruption and its case is agaiost what it calls anarchistic and irresponsible strike action on matters often unrelated to shipping.

Precise figures are not availahle, hut container operators currently aoticipate a loss of 20,000 man-hours every three months through industrial unrest. In New South Wales, the latest figures of the Maritime Services Board show that the watersider, on average, can expect to spend at least two weeks of his working year off the joh on unauthorised stoppages.

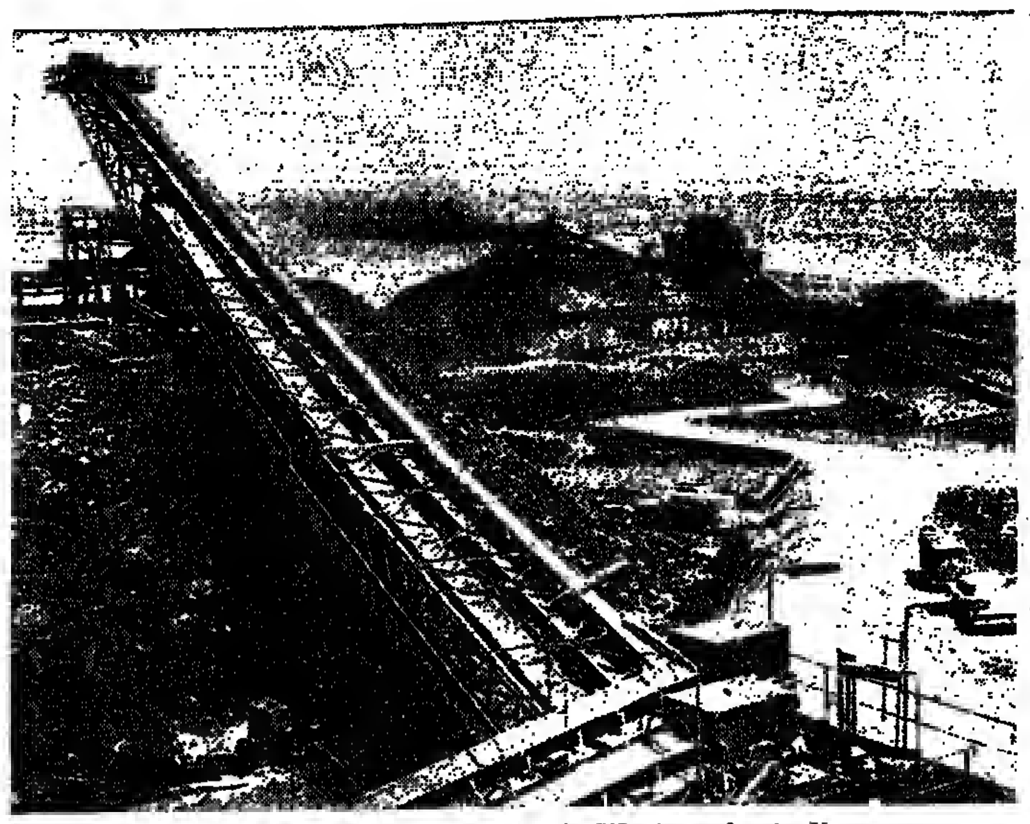
The Prime Minister, Mr. McMahon, has received two telegrams from shipowners protesting against the industrial disruption of tbe waterfront. The first was from shipowners in the Australia to Europe trade over a crippling tug strike and the second from shipowners geoerally, protesting against stoppages hased on political issues not shipping—sucb as against the Springhoks' rughy tour and public transport fare increases in NSW.

The Australian National Line, too, felt the impact of industrial diaruption hadly wben marine stewards struck for two weeks and its entire fleet lay idle, losing $140,000 a day. It led to increases in freight rates ranging from 8 to 25 per cent. in June, only nine months after an across-the-board increase of 12.5 per cent.

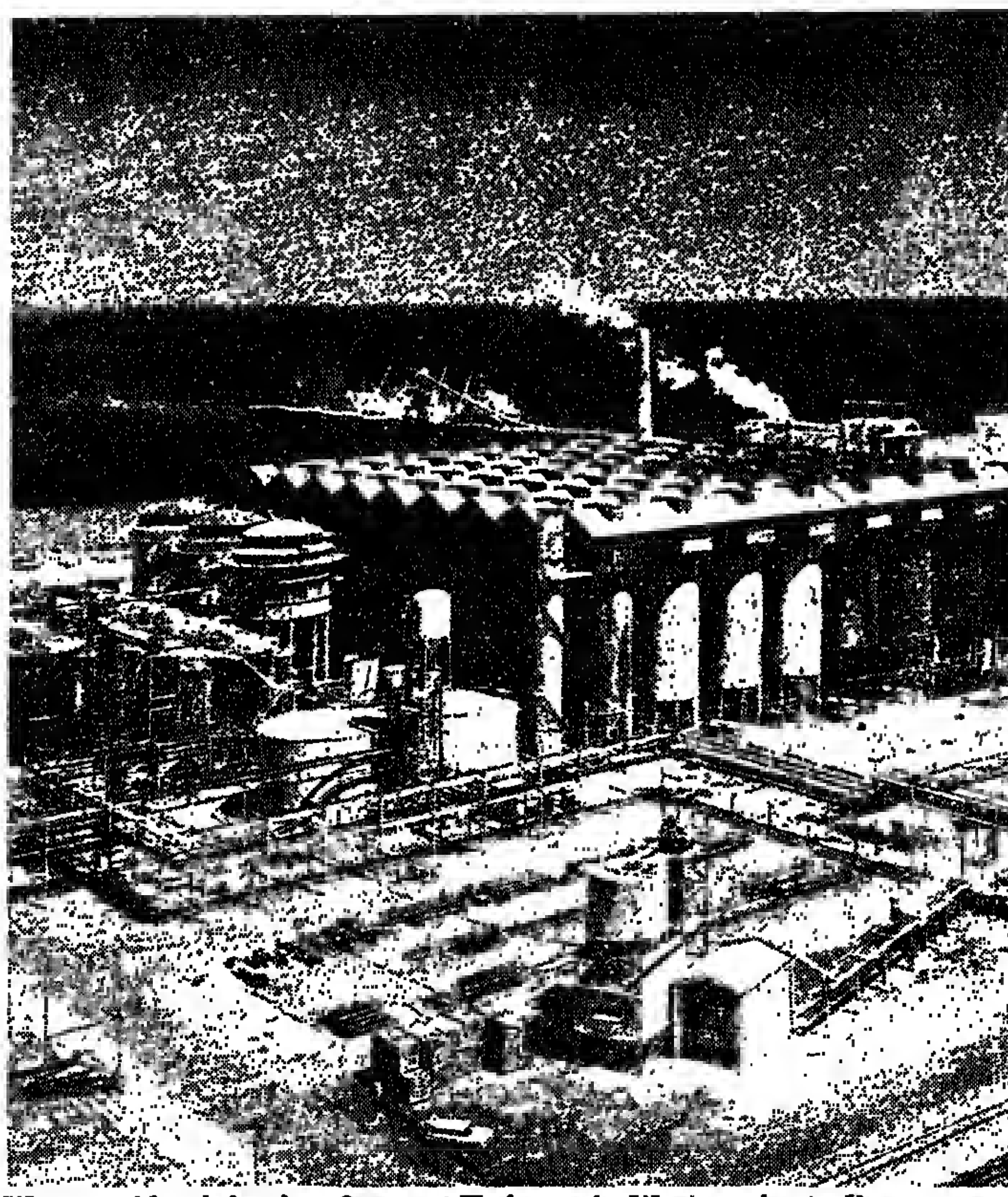
But despite its problems, the ANL continued to increase its fleet, the most ootahle addition beiog the 20.300-ton foll-on-, roll-off Allunga in the trade to the U.S. west coast. The vessel is owned hy PAD shipping Pty. Ltd., of whicb the ANL is a member. The line is only months away from owning a containership in the east coast U.S. trade. Around the coast it has added the 3,000-ton container feeder vessel Echuca to its fleet of 34 vessels.

Australian shiphuilding has headed through uncertain times, as it has in the past, with the oil industry providing a shot io the arm with orders for eight tankers still under construction or delivered in the past few months. The shipbuilding and repair industry will remain quiet for some months yet until the findings of a Tariff Board inquiry into the industry are completed. Generally the feeling is that Australian shiphuilding could compete with the world in the construction of specialist vessels. But its costs are too high, and its prohlems too many to compete in the construction of day-to-day ahips for overseas owners.

The future will not he any easier for those involved in the Australian shipping industry. The two most significant treods are growing calls for Australian private enterprise sbipping on all trade routes and exporter demands for an Australian Shippers' Council empowered to bargain on rates and cooditions with shipowners in any trade.



Iron-ore loading at the port of Dampier in Western Australia.



Western Aluminium's refinery at Kwinana in Western Australia.

AUSTRALIA XXI

Aviation faces up to consumer revolt

By JOHN STACKHOUSE

The revolt of the travelling consumer which began on the crowded North Atlantic airways, bas picked up an emotional element of betrayal on its way to Australia.

The inhabitanta of the most isolated continent, at least 20 per cent. of whom are post-war migrants with deep ties with Europe, Britain or North America, now realise there is no reason why they have to spend thousands of dollars to make a pilgrimage back to their original homes.

At the same time, the cultural ties, which draw young Australians mainly to England, have given the new generation an equal incentive to rebel against the scheduled airlines' high fares policy which so long bas ruled on routes into and out of Australia.

The result has been a genuine anger which has turned on the national carrier Qantas. For the first time in its 50-year history the airline is alienated from the mainstream of national achievement.

This alienation, comiog at a time of managerial and economic stress, has resulted in e large and influential section of public opinion and the Press in Australia questioning Qantas in particuler and the scheduled airlines in general. IATA, tbe fare-setting trade cartel, has achieved the connotation of a dirty word.

The main reason for this reection is the sudden growth of charter traffic out of South-East Asia. The Australian, who once expected to pay $1,300 for a round-trip "home," now finds he can make the journey for between $600 and $700 by flying on Qantas or a scheduled airline to Singapore, then transferring to one of the cut-rate charter operators for the long heul to Europe.

Industry sources estimate that at least 40,000 Australians make this split journey every year. The result has heen to lighten loeds on scheduled airlines on the same route and even to siphon off traffic from other routes to Europe, for instance via North America.

The result, not surprisingly, is a load fector on the scheduled flights well below break-even which, in turn, led to a reaction by Qantes involving stringent economies and pilot lay-offs.

The process was very similar to the economic shock BOAC went through earlier this year. But in Australia's case the surprise was all the more severe because only months before Qantas in a burst of public euphoria had celebrated its 50th jubilee with proclamations of a bigger, brighter and better future.

The emotionalism surrounding the issue comes from the strong position which aviation holds in this country. The nation has seized on Geoffrey Blaincy'a phrase "the tyranny of distance" as a description of a basic characteristic of Australian life. Distance has to be overcome, culturally and physically, in contacts with Europe, North America and Japan—all Northern Hemisphere centres on which Australia depends. Distance, too, governs still many of the internal relationships in the country, for instance the separatism that is still evident in the west.

Cut times

Tha aeroplane, coming through an era of developing Australian netionalism, provided the vehicle not only for pulling the country together but of speeding up communications with the northern hemisphere centres. The Boeing 707 and the way it cut travelling times over long distances, probably shares a place with the migration inflow and the vast capital flood as causes of the transformation of the Australian scene since the mid-1950s.

In the disillusionment with high fare levels, it has been BOAC that has called the tune for lower feres which its pool partner Qantas has had to follow. BOAC's decision to launch its charter subsidiary into the charter market which is haemorrhaging traffic to and from Australie pushed Qantas into taking the same action.

Sensing the political climate, the Government let it be known it would like Qantas, too, to set up a subsidiary and this Qantas is in the process of doing.

The airline's plans are not yet complete, but they look at this stage as though they will go only part of the way towerds meeting the vocal Australian demand for cheap long-distance travel.

Meanwhile, in the wholly regulated domestic airline market, the unique Australian two-airline policy looks as though it will be indefinitely prolonged into the future.

The agreement which maintains the *Government-owned* Trans Australia Airlines and the private Anaett Airlines of Australia as nominal competitors comes up for renewal in 1978, roughly at the same time as both airlines will he planning to buy wide-bodied jets. The European Air Bus is emerging as a major contender for thla order.

The need to finance the wide-bodied jets, together with the fact that financing arrangements for the next round of orders for stretched Boeing 727-200s will extend past the deadline has prompted both companies to call for an early review of tbe future of the policy.

The Government has indicated this is under way and, in fact, has virtually promised a same-as-before prescripton.

The agreement operates through the device of Federal control of aircraft imports, a power which Canberra holds under the customs provisions of the constitution. With licensing of imports, a control of capacity *is achieved and through this* regulation of activities throughout the country.

There are some minor areas of disagreement. Ansett's MacRobertson Miller group, which has a monopoly of apparently lucrative routes in the mining areas of Western Australia, is trying to stave off an attempt by TAA to come into the area.

But whatever the outcome, tbis is only a comparatively *minor ruffle* in the system, which because of the attention it is receiving in the industry clearly indicates by inference the larger area of commonality.

One possible outcome of the review is a move to allow a small New South Wales airline, East-West, to spread to major trunk routes on the east coast. East-West says it is a customer for the BAC1-11-475 variant but has deferred its firm order because of economic conditions in its territory, particularly in rural areas.

The depressed rural area is having the effect of bolding back the light aircraft sector of the industry. This comes at a time when the Government Aircraft Factories have developed a small twin-turbine transport, Project N, which has particular application to the country commuter services.

Project N made its first flight last month and feces e stormy future. It was nominally created in response to an RAAF requirement for a liaison type, but has become involved in the clash between the expanding Army aviation interests and the broader view of the RAAF.

While the RAAF takes the view it will "have to buy it," the long-term application is probably in the civil market. Yet this will demand overseas sales if it is to he viable and the Australian Government's aircraft manufacturer just isn't commercially orientated.

GAF created the Jindivik target aircraft, some 400 of which have been sold including a number to Britain. But it is used to selling direct to Governments, not in the fierce competition of the commercial market.

Son of Jindivik—and also the Australian Ikara anti-submarine weapon—a smaller and more automated target called Turana is also making its first test flights. This small robot plane ia shaping up very well and given any sort of market thrus should win gnod sales just as Jindivik did and is doing.

The only other Australian-designed and built aircraft is the unorthodox Transavia Airtruk, which ia mainly a spraying and fertilising agricultural type. However, more recently it has blossomed out in a general-purpose type with counter-insurgency possibilities. Thailand is taking an interest in the concept with one of the type already in use. However, the one-a-month production run is hardly big time.

Bigger share

The rest of the aircraft-manufacturing industry comprises Hawker de Havilland, the subsidiary of the Britisb Hawker Siddeley group, which is hesed in Sydney, and the Commonwealth Aircraft Corporation, a neighbour of the GAF in Melbourne. Rolls-Royce and *P & O* are among the shareholders in CAC.

The combined industry is urging the Government to develop policies permitting it to take a bigger share in aviation procurement, particularly for the services. There bas been a feast and famine situation in the industry, since its peak during World War II as various projects such as Canberras, Sabres, Mirages and Macchi trainers were built in this country under licence.

The move now is towards co-production with British, U.S. or European companies in the future.

Although the first product of the Government's more active and parallel policy of obtaining offset work for the industry has been the decision to set up a helicopter line at CAC in response to a major Army order, the industry would like to have design participation in future construction projects. The British advanced trainer project —either from BAC or Hawker Siddeley, depending whicb the RAAF chooses—looks like heing the first vehicle for this.

On the civilian side, the offset programme is resulting in a trickle of small jobs mainly from Boeing in the U.S. in response to Australian equipment orders for airlines.

These are baving the effect of introducing technologies and methods as well as providing some work and could become increasingly important as the industry learns how to become an effective international sub-contractor.

Manufacture of seats for the F27 Friendship aircraft in use by Australian domestic airlines.

New pattern of retail

By DAVID HILL

The swing into regional sbopping hes remained the most significant development in Australian retailing. Over the last 20 years the cities' share of retail trede hes fallen from 32 to 15 per cent.—all of it having gone to vest suburban centres.

The transition has been so dramatic that in Sydney, where 17 large department stores were operating ten yeers ago, only three, David Jones, Fermers, and Waltons survive. This yeer, McDowells aold its property for $300 per square foot—a price it couldn't compete with by steying in retailing.

It has been the big compenies, which have recognised not only the need to switch into suburbia but also the need to cater for tbe changing shopping taste of the Australian housewife, which bave registered the best results. While prices are still important, the more affluent and motorised housewife, like her American counterpart, is demanding more comfort and convenience. New regional centres now provide easy car parking, air conditioning, shopping under one roof and even entertainment to distract from the burden of shopping. Among the leaders in the field ere Grace Brothers in NSW, Myers in Melbourne and David Jones in Queensland.

Bulk buying

The all-Australian Woolworths and its chain competitor, Coles, after only 13 years' operetion in Australie together control nearly 30 per cent. of the nation's food retailing, worth $3,188m. last year. Despite the large degree of concentration the industry has remained remarkably competitive. The impact of the supermarket, which eliminated many small food stores appears to have subsided as the remaining independents have formed co-operative bulk buying blocks to compete. A similar pattern has developed in the domestic appliance market, where the emergence of discount houses, working on lower profit margins, have cut into established markets.

The Australian Council of Trade Unions (Australia's equivalent to the TUC) recently joined Bourkes store in Melbourne and refused to sell goods at the fixed retail prices. After threats to cut off supplies and counter threats by the unions to black-ball the transport of the goods, the companies backed down.

The Federal Government has now outlawed resale price maintenance, almost ten years after it was first proposed by former Attorney General, Sir Garfield Barwick, and this should open the way for greater retail competition, and in particular greater stimulus to the discount houses.

But the large stores are showing they can retaliate. Myers of Melbourne has started a subsidiary chain of "Target" discount houses, to cost around $100m., wbile Sydney's Grace Brothers, with four of the largest regional shopping centres in the country, has spent large amounts on advertising to convince the customer "you pay no more," and matches discount house prices.

With the swing to suburban shopping some stores have managed to survive on a market provided by the increase in office workers brought about by the enormous growth in office space development. But this market is unly likely to be a temporary reprieve. The boom in inner city land for office space means that reteil stores are finding it increasingly difficult to *make* a reasonable return on their assets. Many, like McDowells beve been forced to sell, while others bave rented out whole floors es offices rather than close down completely. And because the office worker shops at lunchtime and late in the afternoon, the city store is forced to carry excess labour for the remainder of the dey.

Against this the smell specialist shop is thriving. Nowbere is this more evident than in clothing—as both the Australian male and female become more fashion conscious—and in the more exotic delicatessens, to cater for the more cosmopolitan palate.

Avon is still the leader in door to door selling—which is the major outlet for cosmetics. But the scene took an interesting twist with the expension of Holiday Magic, a relative newcomer to the Australian scene. There is also a significant growth in mail order business.

Over the last few years retailing has shown a steady annual increase of around 7 per cent., which should be reached again this year. Total sales for 1970-71 should reach $9,300m., compared with just over $8,500m. for the previous year.

AUSTRALIA XXII

Immigration, environment, education, and the position of the Aborigine, all vexing problems for social policy makers, and for the conscience of Australia, are considered on the next two pages.

Immigration under scrutiny

By Dr. CHARLES PRICE, Australian National University

For twelve months the great debate on *immigration has* continued. The Commonwealth Government has attempted to meet criticism that immigration unnecessarily aggravates problems of urban and environmental control by appointing experts in genetics, urban growth and decentralisatioo to its advisory body on immigration targets, the Immigration Planning Council. The Council already includes economists and industrialists ready to support immigration against those claiming that economic costs of immigration outweigb benefits, on the grounda that it encourages inflation and distributes limiled capital resources over a larger population, so reducing GNP per head.

Likewise, through regular meetings with State authorities the Commonwealth Government bas tried to meet the needs and wishes of tbe States; and, incidentally, ensure that charges that immigration sorely aggravates State difficulties in supplying adequate roads, housing, schools, bospital and community services is not officially backed by State Governments. The Commonwealth is also assisting States by subsidising schools and social-work agencies in areas of immigrant concentration.

The debate for and against immigration crystallised in late January at the Summer School of the Institute of Political Science; politicians, economists, environmentalists, industrialists, sociologists and social workers were all involved. On balance those supporting large-scale immigration defeated those demanding immediate cessation of all immigration; hut not those arguing that immigration was good hut that the annual target of 180,000 new settlers was too high, though in faci this is the number necessary to counterbalance the annual loss of 20,000 native Australians and 40,000 former settlers and leave a nel gain of 120,000 a year; this at present equals 1 per cent. of total population, the dominant net immigration target since the war.

Soon afterwards the new Minister for Immigration, Dr. Forbes, announced a target cut of 22 per cent., from 180,000 new settlers to 140,000. It is likely that domestic unease was less important bere tban increasing difficulty in finding new settlers: settler intake for the first quarter of 1971 was already dnwn 13 per cent. on that of 1970 with every sign of yet furtber slump, and Australian annual targets have always been geared to estimates of availability as well as to the long-term ideal of 1 per cent. Whether the target gets cut further depends on Government reaction to the present difficult economic situation, how much public money it diverts to subsidise ailing rural industry, how far it cuts tariffs protecting certain industries which are clearly inefficient in terms of world economics but which nevertheless clamour for immigrant lahour as long as they are protected.

Old ambition

Public debate has enabled the Department of Immigration to fulfil an old ambition, namely, obtaio substantial Treasury grants for large-scale investigations into the economic and social impact of immigration. Three major enquiries under way are: an analysis of the economic costs and benefits of immigration, conducted by economists at Sydney University; an assessment of trends in population growth, urban expansion and internal migration, and their relation to immigration, conducted by W. D. Borrie of the Australian National University; and a survey by the Department itself of 10,000 selected immigrants to see bow, over time, they fare with housing, jobs, bealth and other problems of settlement. Tha Social Science Research Council and others *also have surveys in hand* and it is hoped that in three years the Government and public will have enough solid information to formulate optimum programmes and targets.

Another important survey, by the Commonwealth's Committee on Overseas Professional Qualifications, concerns the extent to wbicb failure of Australian bodies to recognise certain overseas qualifications has either prevented bighly skilled persons from migrating or forced them into leaving after arrival. It is difficult to say how many of the 4,000 professionally qualified persons leaving Australia permanently eacb year leave for this reason, as some are native Australians. Despite this loss Australia is on the credit side, drawing about 10,000 professionally qualified settlers a year. Though these come mainly from Britain (50 per cent.), other Europe (20 per cent.), North America (10 per cent.), and New Zealand (5 per cent.), an appreciable number (15 per cent.) derive from Asia and Africa: In this sense Australia compensates for brain-loss to America by brain-gain from less-developed countries and from Europe.

This movement is not all permanent: some are part of an increasingly mobile body of skill, putting *job opportunity* before country and moving wherever occupation dictates. This also affects short-term movements (less than one year), many moving for short business and educational trips. This, plus rapidly increasing tnurist activities, bave lifted short-term movements thus: 1959—visitors 68,000, residents 65,000; 1968—visitors 300,000, residents 250,000; 1970—visitors 416,000, residents 350,000. Widely different interpretatinns of the origins and future of this movement lie behind the present row between Qantas and various American airlines.

The last major debate concerns Australia's historic restrictions on non-European immigration. Some Labour leaders, notably Don Dunstan, Premier of South Australia, strive to drag the ALP from its former severely restrictive policy and now attack the Liberals for racist discrimination. Tha government answers that since liberalising policy in March 1966 it has given permanent status to about 5,000 non-Europeans then in Australia on temporary permits, and bas admitted for permanent residence nearly 5,000 close relatives plus 3,000 skilled persons with 5,000 dependants, in all about 18,000 non-European souls. Additionally since easing entry for Levantines and part-Europeans (1964) it bas permitted the entry, 1966-70, of some 18,000 Turkisb, Lebanese and Syrian settlers and 12,000 part-European settlers. These admissions, argues the government, plus its policy of treating all settlers with complete equality once they are in the country, show that Australia is not "racist" but is simply carrying out tbe job all governments are charged with: of preventing immigrant groups growing so rapidly tbat natives are provoked into discriminatory activities and even violent reaction. Here the government points to the "unfortunate" policy, or lack of it, in Britain during the 1950s and to the far more severely restrictive policies of many Asian and African countries. Moreover, it rightly claims, no Australian government has ever expelled settlers, as has bappened in Indonesia, Ceylon and East Africa.

The debate continues: the upshot is still obscure.

Summer recreation on Sydney's Bondi Beach.

First shots on pollution front

By KENNETH RANDALL

Environment finally penetrated the Australian political consciousness only last year but nobody pretends it bas made mucb progress since then.

Launching an election campaign for the Federal Senate last November, the (then) Prime Minister, Mr. Gorton, conceded to pressure generated by the Labour Opposition and announced his Government's intention to establish the first Federal machinery to deal with pollution and other environmental issues.

By the end of January, when the Government's attention turned to inflation and cost-cutting as top priority, the plans for a Commonwealth Office of Environment (it was to bave been a section of the Prime Minister's Department) were deferred—indefinitely.

The new Prime Minister, Mr. William McMahon, took office in March and revived the plans. He also instituted a departmental reorganisation designed primarily to shed from his own department a multitude of varied responsibilities which had accumulated over the years.

The solution was simple: all the bits and pieces went in a lump to a new department called Department of the Environment, Aboriginals and the Arts. The environment section of the department has a total staff of three, including the Director and Deputy Director!

The Commonwealth machinery may or may not become significant, according to political priorities. The fact, recognised by most serious environmentalists from the beginning, is that its formation was predominantly a political gesture. For even that much recognition of their cause they were grateful.

But the real problems, and the only effective powers to deal with them, belong to the State governments, each with different machinery, attitudes and statutes. The great hope for the Commonwealth initiative is that it will provide the central point through which it will be possible to define and nnify standards, mobilise public opinion and evantually move the financially *all-powerful* Central Government towards taxation and other policies wbich will make environmental preservation attractive to business.

Soft attitude

Economic growth is still by far the most powerful motivation for the policies of all governments in Australia, bowever, and for the States, in these terms, a soft attitude in matters of environmental control has the positive advantage of being attractive to the industries for which all of them compete.

Victoria constituled an Environment Protectioo Authority in July, with power to licence any industrial enterprise discharging pollutants into waterways. The State Government has promised that the authority's powers will grow, but at present they are literally confined to the prosecution of illegal polluters.

And against the promises to strengthen this and other existing control agencies there is the example of Westernport Bay, west of Melbourne, which the Government has determined will be fully developed as a heavy industrial area. The Westernport Regional Planning Authority considers tbe entire concept "grossly incompatible" with the reasonable conservation of the area but it remains a firm Government policy decision. On a much-publicised occasion in the Victorian Parliament last year, the Premier, Sir Henry Bolte, was questioned vigorously about the apparently inevitable threat of water pollution in the area but dismissed the criticisms as of little consequence compared with "a $100m. steelworka."

The New South Wales Government admitted its shock at the findings last year of an independent consultant commissioned to report on the disposal of industrial waste within the metropolitan area. Creation of a control authority followed within months but it still appears to face intractable problems in establisbing an effective writ.

Bankstown municipality, in Sydney's beavily-industrialised western suburbs, provided a curious testimony to the dichotomy created in official attitudes by, on the one hand, a growing public demand for action and, on the otber, the lack of uniformity which could mean driving away industry by stern action against pollution. Its compromise was to spray the area's malodorous streets with scented water—and in changing fragrances.

For varying reasons, the scene is more promising in the smaller states.

The strength of conservation movements in Queensland succeeded in halting plans for exploratory oil drilling within the waters of the Great Barrier Reef; in revoking a State Government decision to allow beach mining in the magnificent Cooloola area north of Brisbane; and in making a current major issue of proposals to exploit the timber and other resources of an otherwise untouched island off the coast from Maryborough.

It remains true, however, that the Queensland successes—and most others—have been in reaction to specific events; The means for proper overall consideration of environmental questions on a continuing basis exists hut do not work for lack of resources.

Tasmania, the smallest State in size and population, has inadequate machinery even on paper. It has provided some of the greatest agonies of the conservation movement in recent years with scbemes that have destroyed, or threatened to destroy, some of Australia's finest natural features.

South Australia bas an active and ambitious department of environment which complains constantly that its plans can only remain partially effective in the absence of nation-wide standards and objectives.

Tbe strongest stand for the environment in any part of the nation in recent times has come from the Government of Western Australia, which is now writing into industrial development agreements progressively more rigid provisions covering air and water pollution, plant siting the the restoration of mined areas. Significantly, Western Australia is the one State wbere the conrting of industry is no longer an imperative: the buge minerals discoveries in the West have industry beating a path to its borders.

More obviously than in almost any comoarable industrialised country, the preservation and reclamation of the environment becomes a matter of social priority and resources allocation in Australia, mostly based on indirect experience.

By other people's experience, the present state of affairs is bardly serious. But then neither are the defensive measures and it is on the basis of overseas examples that the environmentalists find themselves fighting most often.

A Senate Select Committee on water pollution reported last year among its main conclusions: "Water pollutinn is only part of a much broader pollution problem which is threatening our whole national environment . . . water resources all nver tbe country are being squandered by neglect or deliberate action, or by lack of administrative co-ordination.

"The main water pollution problems in Australia relate to sewage, industrial effluents and salinity. They are caused mainly by tbe lack of effective pricing system, an abysmal ignorance of the causes and consequences of pollution, piecemeal and parochial administration of water resources, and half-hearted and ill-directed methods of abatement."

Equal force

The main points concerning control and official responsibility apply witb equal force to all other aspects of the environment discussion. But in the area of public awareness the tide has already turned—a fact which seems to have impressed big business rather more strongly than government.

When the Broken Hill Proprietory Company was recently accused of destroying the marine ecology of part of the South Australian coast by discharge of cyanide waste material from its Whyalla, South Australia, plants its reaction was startling by past standards.

The company vigorously and publicly refuted the charges in detail but then, at considerable cost, set about changing its methods to remove even the suspicion of guilt.

The major detergent manufacturers bave all agreed voluntarily to market only biodegradable products by year's end. Recycling of packaging materials is increasingly a mark of respectability. Even urban bomesite developers are finding profit, as well as kudos, in featuring estates tailored to the landscape rather than torn out of it.

Not surprisingly, perbaps, the mnvement is led by tbe biggest companies in the land and those with the overseas affiliations that belp to discern opinion trends early. Most of them are represented on tbe National Industry Council on Environmental Quality, inaugurated in Canberra last June.

Though meaningful consensus is notoriously hard to find in such organisations, the council accepted unequivocally that its members must bow to public opinion on an issue it described as "an imperative of the times." Where it equivocated was only on the question of the speed of change compared with the rest of the world—in other words the ability to compete with foreign business.

At present, this is simply no problem. Australian government, at every level, bas a long way to go before it is likely to arise.

AUSTRALIA XXIII

Aboriginal land rights: a moral issue

By ELIZABETH EGGLESTON,
Director, Centre for Research into Aboriginal Affairs, Monash University

The Aboriginal population of 130,000 is a very small minority in the total population of Australia. Yet other affluent Australians appear incapable of solving the problems of this poverty-stricken, ill-used group.

The major event of the past year in Aboriginal affairs was the judgment of Mr. Justice Blackburn in the Yirrkala land rights case. Aborigines for many years had claimed that they should be granted legal title to land which Aboriginal groups were still occupying and compensation for land of which they had been dispossessed. They pointed to the fact that *Australia is the only country* which has accorded no recognition to land rights of its indigenous people.

The Yirrkala Aborigines of the Gove Peninsula in the Northern Territory were the first to take legal action in an attempt to establish land rights through the courts. The action was brought against Nabalco, which had been granted mining rights in the area, and the Commonwealth government which had allowed Nabalco to set up its mining operations in the Aboriginal reserve. There was widespread disappointment in the community when Mr. Justice Blackburn decided that the Aboriginal plaintiffs had no legal rights to the land they claimed.

The judge found that the evidence showed that the Aborigines belonged to the land but the land did not belong to the tribes. The Aborigines clearly had a close relationship to the land but it was not of a type which had been recognised as a proprietary interest in Australian law. In reaching this conclusion he perhaps adopted an unduly narrow view of the concept of "property." But it is not surprising that a judge who is bound to decide in accordance with the law of the land should have found himself constrained to try to fit the Aboriginal claim within the existing legal framework. When he was unable to do so, he rejected the claim, rather than recognising a new form of proprietary interest.

The initiative now passes to governments to take action to grant Aboriginal land rights. The court decision does not preclude such action. All it decided was that the common law did not recognise that these Aborigines had any title to this land; it is clearly open to the federal Government to pass legislation embodying a policy of recognition of Aboriginal land rights.

The moral arguments in favour of Aboriginal land rights are very strong. It is clear that the colonisation of Australia resulted in disruption of the relationship between Aborigines and the land. The Aborigines *clearly lost something* of value to them, even though their concept of the proper use of the land seemed *strange* to the invading Europeans.

Two State governments, Victoria and South Australia, have taken steps to grant some land rights to Aborigines. But so far rights have only been granted to the areas of land which survived as Aboriginal reserves. The question of compensation for other land has not been tackled by any government. The American Indian Claims Commission would be a useful precedent here.

White willingness

The importance of the land rights issue is not only that the *land is full of spiritual meaning* for Aborigines and that it is a valuable economic asset. It is also a symbol of the genuineness of white Australians' willingness to recognise Aborigines as fellow human beings. Do white Australians really believe *that the Aborigines are* worth as much consideration as the cattle which roams the vast Vestey property? The policy on land rights adopted by governments in the near future will provide the answer to this question.

Another development of the last year was the attempt by the federal Government to persuade State governments to repeal legislation discriminating against Aborigines. The campaign has met with some success. Western Australia has agreed to repeal its discriminatory legislation. Queensland will repeal only some of the provisions of its Aborigines' and Torres Strait Islanders' Affairs Act, notorious among Aborigines as the most repressive of all the States' legislation. The federal Government has announced no plans to repeal discriminatory provisions applying to Aborigines under its control in the Northern Territory.

The enactment of favourable *legislation alone is not enough* to ensure equality of Aborigines with their fellow Australians. *Legislation must be enforced* to have any real effect. During the last year the first charge was laid under the South Australian Prohibition of Discrimination Act. The prosecution was successful and a hotelkeeper was convicted because he had refused to serve an Aboriginal couple.

On the other hand, the enforcement of equal pay for Aboriginal workers has not been so successful. Awards now provide that Aborigines in the pastoral industry are to be paid equal wages. But they must be members of a trade union and, unless the union takes the trouble to sign them up as members, legal enforcement of equal pay is not possible.

Aborigines in general have suffered discrimination when involved with the legal system, partly because they have not had ready access to lawyers. The land rights case was a sign that Aborigines now realise that lawyers may be able to help them. The recent establishment of the Aboriginal Legal *Service in New South Wales* is an indication that lawyers are becoming aware of responsibility in this field. Over 140 barristers have volunteered support.

Education level

The average level of education in the Aboriginal community is below that of white Australians. Recently experimental pre-schools have been set up, scholarships have been awarded to enable children to stay at school beyond the minimum leaving age and some limited adult education has started.

It is not only better education for Aborigines that is needed. White Australians are beginning to realise that their own education is incomplete because the role of the Aborigine in the history of the country has been largely ignored or distorted in school textbooks. They are also slowly awakening to a recognition of the richness of the Aboriginal cultural heritage. Governments have responded to this awareness by passing legislation for the preservation of sacred sites.

Organisations of Aborigines now talk of Black Power. Many whites react with fear or hostility. Apparently they do not realise that Aborigines have been subjected to White Power since 1788. Power is not synonymous with violence. Black Power so far has been manifested in attempts to remove whites from the executives of voluntary bodies and in the establishment of new all-black organisations.

It is sensible of Aborigines to take over the responsibility for *conducting* their own *affairs* wherever possible and to seek to maximise the advantage from any political power they may have as an organised pressure group. Their present depressed state results from their history as an exploited group, dispossessed by the white conquerors. Unfortunately the leeway they have to make up is so great that it will be a long time before Aborigines are the equals of other Australians in health, wealth and education.

Crisis in education

By TOM ROPER

If one word can be used to describe Australian education during the last decade that word would be "crisis." Indeed "crisis" has been so frequently mentioned that its power to shock has evaporated.

Every August—budget month for the six States—brings forth another series of warnings of their impending financial bankruptcy. *Education expenditures* which now make up approximately 40 per cent. of all State allocations have contributed more than any other factor to the cries of doom. Governments faced by growing student numbers and galloping staff salary rises have had to spend more to stay in the same place. During Victoria's last financial year pay rises accounted for 85 per cent. of all extra money voted for the non-tertiary sectors recurrent expenses.

Eighteen months ago an amateur education reformer, but an expert arsonist, destroyed four Melbourne inner suburban schools. To date not one has been replaced.

Many country and poor city area schools currently have a complete teacher turnover every two years. Teacher morale is moving towards an all time low, while resignation rates have never been higher. Recently the *major bauxite producer* Comalco advertised a low level position, mentioned it might be filled by a teacher, and was overwhelmed by the deluge. Some applicants had two degrees.

It is not only formal school age populations which are affected. Less than 5 per cent. of all pre-school age children in N.S.W. and Queensland are able to find a place and only a sixth of the offspring of working mothers are catered for by child *minding centres* capable of meeting minimal legal requirements. Mentally or physically handicapped children must depend not on public provision but public subsidy and private charity for any education they may be lucky enough to receive. Pedestrians in our capital cities can see handicapped children, money boxes in hand, collecting running expenses for their schools.

Gross inequalities

However the greatest problem facing the entire system is the continued existence of gross inequalities in educational opportunity. Despite the Australian tradition of a fair-go for all, Professor Goldman of La Trobe University's School of Education was quite serious when he wrote: "If God, in his infinite wisdom, had decided to create in an advanced affluent society a system which would make the most effective inequalities in education, he would surely have spawned Australia."

Australia's tragedy is that comparative affluence has clouded the issue and prevented any public realisation of the plight of the 500,000 (one in every five pupils) who experience a second-rate or worse education. Australians have been content to boast of their achievement in making education available for all, even in the *most remote areas.*

A number of indicators are readily available. Students going on to university have been, and are still, largely drawn from professional and managerial homes while the children of semi- and unskilled workers—a group comprising a quarter of the population—are hardly represented at all. More than half of all students come from families which in terms of socio-economic status constitute 15 per cent. of the population. At the corresponding extreme only 2 per cent. of labourers' children get a place.

Of all groups the 150,000 Aborigines suffer most. Between 1960 and 1970 only four graduated, even now only 12 are enrolled. Whereas one person in every 150 white Australians is a university student, only one Aborigine in 13,000 attends a university.

Since 1950 a million non-English-speaking migrants have been encouraged to settle in Australia, yet a special programme for teaching English to migrant children was not commenced until 1969.

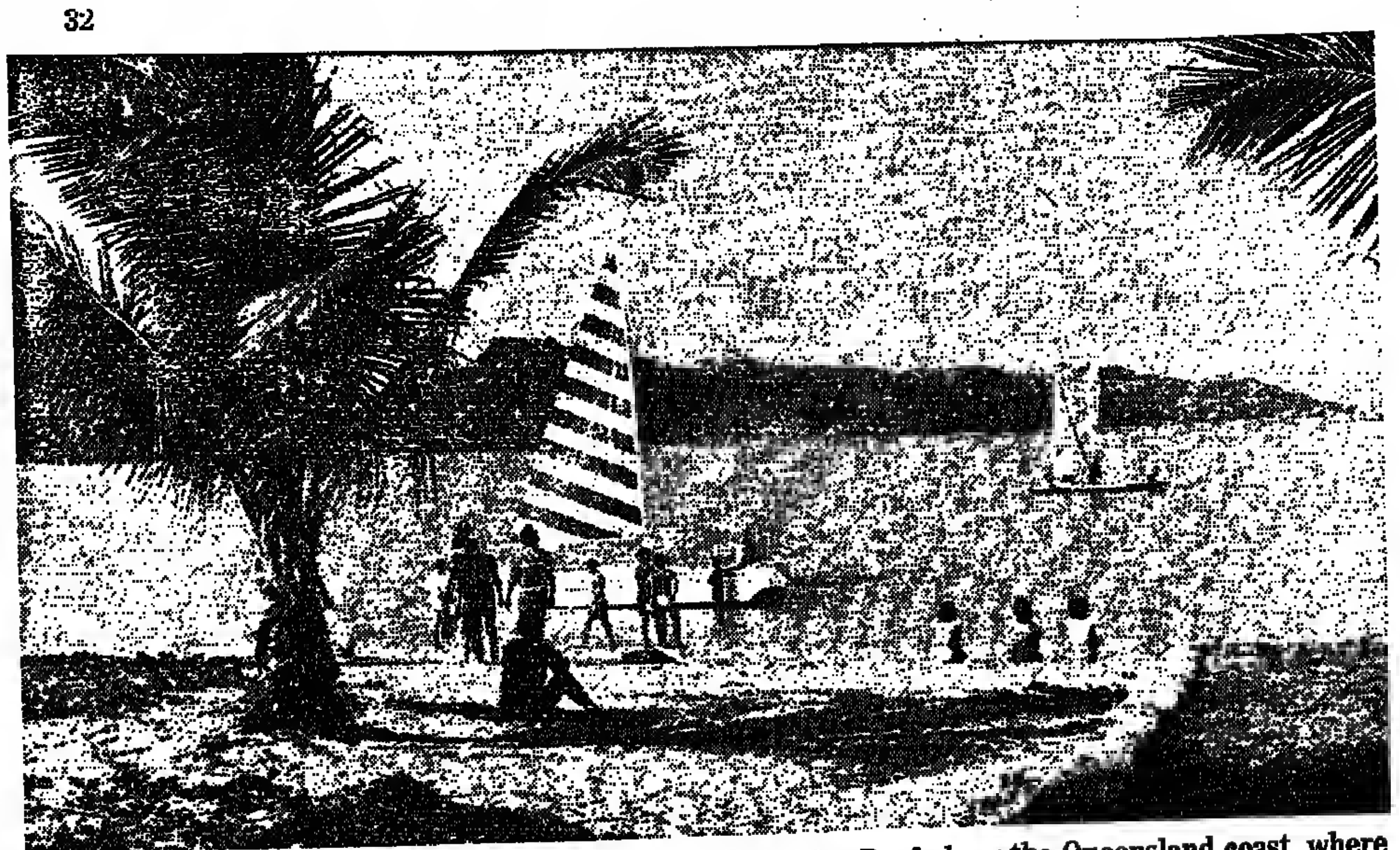
One should not be surprised at the persistence of social differences in a society which has deliberately discriminated in favour of the well-off.' For instance, two-thirds of Commonwealth Government tertiary and secondary education scholarships go to the children of the top 20 per cent. of earners. Similar disparities have been carried through into Government *assistance for the* 25 per cent. of the school population attending private schools. The wealthiest private colleges have done considerably better than the poverty-stricken Catholic parochial schools, receiving a greater share of scholarships and special library and science laboratory capital grants.

Why in a nation reputed to be one of the world's most affluent can the education system be called a disaster area? International comparisons are fraught with dangers but percentages of GNP spent on particular items do indicate national priorities. Of the developed countries for which comparable education statistics are available none spends a lower percentage than Australia. After a steady increase from 3.9 per cent. of GNP in 1959 to 4.5 per cent. in 1968 the percentage has dropped in the last year to 4.1 per cent. Consistently Government Ministers have denied that the situation in Britain which spends 6 per cent. on education can be fairly compared with Australia. Indeed it cannot. Australia has a far higher percentage of its population in the 5-20-year-old age group, in other words much *more*, not 50 per cent. less, ought to be spent.

There are also Constitutional hurdles. Although Canberra now controls all major growth taxes, the States' responsibilities include most major growth items—for instance, health, urban development, housing, transport and education. Even when the Commonwealth makes special grants to the States they are tied to specific projects or must be matched from State resources thereby exacerbating the lack of flexibility in State budgets.

Education is becoming one of the key issues in election campaigning; "better" education pressure groups are growing: the Australian Council of Trade Unions is becoming interested in campaigning for equal opportunity. Much *more* experimentation is occurring in the curriculum and schools are being freed from the oppression of six all powerful centralised State education departments.

Meanwhile demographic predictions indicate a baby boom and consequently a pupil boom which will flood the schools after 1976. During the next 15 years at least 1½m. extra students (a 50 per cent. increase) will require places and need already scarce teachers.



Hayman Island, a typical holiday resort in the Great Barrier Reef along the Queensland coast, where the tropical weather provides ideal swimming and boating conditions almost all the year round.

Tourism tends to lag

By JOHN STACKHOUSE

While the tourist industry throughout the Pacific flourishes, Australia seems to be dragging its feet. Growth rate in recent years has been around 8 per cent. In other regions growth of over 20 per cent. is common and some, like Fiji, are reporting around 44 per cent.

With hundreds of the top U.S. travel industry figures about to descend on the country for the American Society of Travel Agents' convention beginning October 30, the industry is painfully aware of some of its shortcomings.

The ASTA convention alone will highlight the scarcity of hotel rooms in Sydney and Melbourne and the shortage of convention facilities. Completion of the Opera House in Sydney by about 1974 will provide a major venue, but the problem of hotel accommodation continues. In the last few weeks one of the traditional city-centre hotels, the Australia, in Sydney, has been closed for commercial redevelopment and others have gone in both Sydney and Melbourne in the last couple of years.

The soaring land prices and interest rates in Australia have convinced developers that hotels are bad news. As yet there has been little construction on the outskirts of the city, which is now such a feature of the accommodation industry in the U.S., Europe and Japan.

Similarly accommodation at all levels is a problem outside the cities. There is no big resort hotel in Central Australia, for instance, and none on the Barrier Reef. Yet these are the two natural attractions that Australia features and they appear on the itinerary of most American and European visitors.

With 747 services to Australia now a year old and the national carrier, Qantas, embarking on its own, the stage seems set for some major tourist growth.

Interlinked

But industry sources believe this will not happen on the same scale as Australia's neighbours until fares come down dramatically, until promotion is pushed much more vigorously and until the accommodation problem is solved. The three are interlinked. If a breakthrough on fares occurs, the other two factors will surely follow.

The hardest knocker on Australia's door is the big U.S. charter airline World Airways, which has now filed three applications to run tourist charters from the U.S. to the South Pacific, including Australia. Australia's protectionist aviation authorities have vetoed the last two; a third application is under consideration.

There has been a major change in the climate. Tourist authorities, who at the practical level represent State Governments, are now making no secret of the fact they distrust Federal protectionist air policy. They would also like to see some major concessions to boost hotel and resort construction. Depreciation allowances, tax rebates (which are now applicable to export-earning industries) and other forms of assistance have been canvassed.

While the main thrust on tourism within the country is at State level, national promotion abroad is a Federal responsibility. About two years ago the Commonwealth reorganised tourist development and formed the Australian Tourist Commission to handle the job. (Travel within Australia and the local industry sector is handled by a different group, the Australian National Travel Association.)

The ATC has so far concentrated mainly on established markets. But with a budget of around $A2m., the butter is spread pretty thinly abroad and the criticism of lack of effective promotion is a constant chorus. There is little doubt that the limited resources now deployed are fairly effectively handled; but the impact worldwide is seen as too small.

Of the areas of future promise, Japan is beginning to assume much greater significance. The easing of Japanese travel restrictions and the rising standard of living in that country—tied in with a lively urge to travel and curiosity about Australia—points to a major growth in Japanese visitors. Several of the major accommodation groups and airlines are trying to get in on the ground floor. Asian menus, for instance, feature in some hotels: Japanese linguists are at a premium in the industry.

Warm appeal

But despite the problems of distance, high fares, lack of accommodation and inadequate promotion, Australia has a lot going for it. The place appeals particularly to Americans and Canadians and there is a warmness and friendliness towards visitors.

The weather is by and large good; and if there is a weather problem at any one time, the country is big enough to go somewhere else and enjoy good conditions.

Given the essential breakthrough on fares, Australia must rank more and more as an area of tourist potential. As the wave builds up the returns from investment in the tourist sector will eventually become most attractive.

The property scene round the capitals

By DOUGLAS MARCH

"Boom, Buoyancy, or Bust!"—whichever verdict best fits the metropolitan property climate in Australia is largely conjectural there being no clear consensus of opinion, either in the market place or from the professional commentator's box.

Nevertheless, the scene is a lively one with prominent media coverage and public agitation against a backgronnd of "big money" decisions, with commercial and office development in the forefront.

Preoccupation with real estate has only become a feature of the Australian investment market since the early 1960s. After a short period of oversupply and an enormous recession, the demand for commercial floor space accelerated quickly in two directions—downtown offices and regional shopping centres. Over the last five years central area office development has occupied the centre of the stage.

Principal stimuli in the demand for new office space have been overall business expansion, a reqnirement for increased floor area per worker, and the comfort, convenience and prestige of up-to-date accommodation. Much nf the finance for the supply side of the eqnation has flowed from establishment sources which had previonsly displayed limited interest in property. This was accompanied by a "maturing" of the attitude towards business capital by office occupiers; it was recognised that payment of rent rather than outright property ownership rendered capital resources more mobile. Further momentum has been added by the growing inflow of overseas-based capital, much of it from the U.K. The magnitude of this inflow was indicated earlier this year when the previous Prime Minister, Mr. Gorton, sought to restrict overseas financing of office building as an anti-inflationary measure.

As would be expected, Sydney and Melbourne dominate the horizon in terms of property investment.

Recently a price of $A500 per square foot was reported for a Central Business District (CBD) site in Sydney; rumour has it that $800 may be achieved in the foreseeable future. The general level for complete development sites aa opposed to individual component parcels is $300 to $350 per square foot. To offset outlays of this nature new office space is on offer at rents of from $9.50 to $11.50 per square foot with prime space available from $14.00 upwards. Escalating CBD rents have influenced large-scale office development over the Harbour Bridge in North Sydney, where the land is cheaper and rents of $5.25 to $6.50 are possible. More recently significant development is taking place five miles further away from the CBD to provide still lower rentals.

With caution

Growth in demand for office space is estimated at between 1.4m. and 1.7m. square feet per annum. There is strong evidence of oversupply at present despite extensive pre-letting and this situation is expected to be still further aggravated in 1972 and 1973. Forecasting office space supply and demand is an inexact science at the best of times and so predictions must be treated with due caution. Nevertheless the possible miscalculation in this instance is more likely to be one of degree rather than of direction. Also being felt in both Sydney and Melbourne is the return to the market of accommodation which was first available three to five years ago and for which the initial leases have now expired.

Pre-letting has been a feature of Sydney developments, taking place in some instances at the planning stage. However, tenants are now more hesitant about committing themselves in advance and are also becoming more selective in their requirements, thus placing greater stress on quality of finish and precise location.

A major unsettling factor has been the relatively depressed state of the mining sector. A little more than 18 months ago large scale mining interests, riding on the crest of the wave of new discoveries, established themselves in Sydney (as they did in Perth and to a lesser extent in Melbourne) in spacious prestige offices. With the recent collapse of leading companies and serious setbacks to others, much of this expanded accommodation has become redundant. At the same time loss of confidence in minerals has turned stock market attention to other avenues of investment including real estate.

Longer term development proapects will depend to a considerable extent upon the implementation of the Strategic Plan prepared by Urban Systems Corporation and adopted by the Sydney City Council which administers the Central Buainess District. At present the revised plot ratio standards are under Council consideration, with the fate of future office development hanging very much on the final decision.

Likewise, Melbourne City Council is about to commission the preparation of a strategic plan. Reports that Melbourne is also facing a serious oversupply of office space are misleading; closer investigation reveals that, on the basis of present trenda in demand (overall around 1.2m. square feet per annum), aupply in the downtown area will not satisfy requirements until 1974. On the other hand, oversupply is already evident in peripheral areas such as the St. Kilda Road "corridor" and this circumstance threatens to become quite severe over the next few years unless some existing development plans are revised or temporarily shelved.

Admittedly some trauma is being experienced as vendors are meeting unexpected buyer resistance to higher rents. The general level at which new space is being taken up is $5.50 to $6.50 per square foot, with a top of $8.00; accommodation above $6.50 is not moving well although the rate of inquiries is not slackening. Apparently Melbourne is refusing to be caught up in the Sydney ren spiral. A similar story is tru for land prices although som spectacular rises have bee experienced in the last tw years: the general level is $15 to $200 per square foot with recorded but atypical peak o $370.

Melbourne is very "addres conscious" and this has led t a lateral tendency in some o the later development: Sydne on the other band has had mor of a clustering of building immediately south of Circula Quay. A Collins Street addres in Melbourne usually adds premium to both land price an rent.

Most of the non-CBD develop ment has taken place along St Kilda Road on the eastern sid of the Yarra River. Lan prices are currently around $4 per square foot and rentals fo new space $4.25 to $4.75 pe square foot.

In both Sydney and Mel bourne manufacturing an warehonsing are being edge out of the central area by lan prices and rents. Demand fo new industrial land in toto i increasing steadily, accom panied by growing interest i rented factories and industria estates, a relatively recen phenomena in Australia.

Land prices

Also on uncertain develop ment grounds in both cities ar hotel projects in the CBD, du once again to land prices. In Sydney this has resulted in concentration of visitor accom modation in and around King's Cross immediately east of the CBD. As yet Melbourne ha not settled on a similar locatio although the waterfront are around St. Kilda has some potential in this respect. Melbourne's international airport has yet to celebrate its first birthday so it is premature to estimate its effect upon visitor demands and the CBD as a whole.

One noteworthy feature is the

Continued on next page.

AUSTRALIA XXV

In the last four pages of this survey, the individual States and territories are discussed—their aspirations and fears and their development, planned and actual.

S. Australia thrusts ahead

By MICHAEL SOUTHERN

It's funny what a change of Government can do. In just over a year of Mr. Don Dunstan's Labour Government, the State of South Australia is hardly recognisable as the once sluggish backwater where motor-cars were made, graziers thrived and no one really cared about the rest of Australia, let alone the world. But now, its reputation as a wowser state is gone—indeed South Australia suddenly became perhaps one of the most sophisticated and open-minded of all the States. Books like Portnoy's Complaint, once banned in other States, could be found there. It was to South Australia that the Oh! Calcutta! people went in their attempts to stage that play first in Australia. And while others worried about nudity on stage, it happened in South Australia with little outcry—indeed, it appears, with much relish.

One begins discussing South Australia in these terms simply because this has been the most obvious change. But the changes are much deeper. This is no longer a State prepared to play a secondary role in Australia. Indeed, Premier Don Dunstan has projected himself into national affairs, even international affairs like no other modern State Premier has dared. And in the wake of this new political activity there floats a new mood of economic thinking and activity.

Once an agriculturally based economy, South Australia now looks to the motor industry, steel and shipbuilding as its base. Primary industry is now contributing less than one-third ($A284m.) of the State's net value of production ($A1,000m.). Meanwhile, very recent oil discoveries, added to the gas first found three years ago, have given this State a new importance as a national oil producer. The gas was first used to provide for the City of Adelaide. Now, contractors from the Gidealpa field have won the right to supply the large and important NSW market with natural gas and the once fanciful thought of a petrochemical industry is within the realms of possibility. The State is also the centre of some active work by mineral explorers who thus far have produced promising uranium and low grade nickel. It may yet join in the mineral boom.

Labour problems

The motor-car industry is expanding in the face of labour problems which it is hoped will be temporary. General Motors-Holden's and Chryslers are both based near Adelaide. The GMH investment is now running well above the $A200m. mark, and a further $A10m. expansion is planned. The two employ around 16,000 people—just over 15 per cent. of the State's work force, while there is something like 10,000 others engaged in dependent industries.

The other major employer is BHP, with its $A200m. integrated steelworks, and the shipbuilding yards at Whyalla.

For Mr. Dunstan, the problem is to switch the dependence of his State's economy from these one or two vulnerable industries. Motor manufacturers have all seen their downturns, and the decision by GMH to switch its electrical appliance activities to New Zealand showed just how much the labour force requires alternative sources of work. In his first year of office, Mr. Dunstan has travelled widely to encourage new industries to come, and to have the existing industries think in terms of exporters rather than suppliers of the domestic market. There has been an influx of new industries like plastics, and an expansion of existing paper and pulp plants, and Philips electrical and electronic factories.

Mr. Dunstan has also begun arguing the case for a nuclear power generator to be sited in South Australia, now that the Jervis Bay project has been shelved.

As with the rest of Australia, the rural industry has seen its setbacks. But it still has a solid base. The South Australian wineries are currently providing more than 70 per cent. of the local wines and despite the minor cut-back in sales following the tax imposed in last year's budget, it is ripe for further expansion. In all, primary producers are employing 10 per cent. of the State work-force, and contribute $A284m. of the State's $A1,000m. net value of production.

Mr. Dunstan has also taken the lead in Australia on social reforms. It was his State which legalised abortion and first legislated to prevent and penalise racial discrimination. His social welfare policies have been the envy of residents in other States and the despair of other politicians.

On the cultural front, Adelaide claims the lead in Australia through its arts festival, which has, for more than ten years, been responsible for bringing major overseas artists and orchestras to this country. Its film festival is of growing importance, and its cultural activities have since found expression in a bricks and mortar centre.

There is one other important area in which Mr. Dunstan's Goverment might well give a lead to Australia—urban development. Adelaide, like other cities, is a vast sprawl housing more than half of the State's 1.2m. people. A plan for a $A600m. freeway system, following all the accepted patterns, has been dropped on the feeling that the conventional method of cutting cities up with roads and expressways could well destroy the place rather than improve it. As a result of further studies, Adelaide is now looking for a transport system that will enhance the city, a flexible plan to prove there is an alternative to motorways which will reduce smog (and Adelaide has its share) while allowing a freer movement of traffic.

The transformation Mr. Dunstan seeks will not be easy. In some areas it has begun. But the real test will be the actual flow of new industry into the State and the economic stability it will bring. He has until 1973—when elections are due—to prove that there is some substance to his thinking.

Victoria's two economies

By G. McDOUGALL

The number of factories opened in a year is not the most reliable yardstick for measuring a State's economic health. Victorian industry has been prospering for a decade, and the number of businesses and plants being established is again moving back up to boom levels.

But the industrial action is only occurring within 40 miles of Melbourne. With few exceptions, primary and secondary industries through the rest of the State are in a depression ranging from mild to severe. The markets for Victoria's principal farm products have slumped, or output has been restricted by production quotas: Wool prices are at their lowest level for 30 years and thousands of growers are being bankrupted despite the introduction of a subsidy scheme and long term, low cost Government loans. Wheat, the usual alternative to wool, has run into selling and storage troubles, and despite Government quotas too much is being produced. Fruit growers in the north of Victoria have been overproducing. They face immediate price difficulties and longer-term troubles when Britain enters the EEC. If this isn't enough, hundreds of dairy farmers are preparing to leave the land with aid from a Goverment rural reconstruction programme.

The only rural industry that is prospering and expanding is beef. Prices and cattle numbers are rising to meet local and overseas demand for prime quality meat, and beef men speak optimistically of a decade of growth.

But this exception has not—and cannot—counteract the general slump. Country towns are suffering as debts remain unpaid, as businesses close. State and Federal Government policies of "decentralising" secondary industry away from Melbourne into rural areas have been so meagrely executed there is little alternative employment for bankrupt farmers and graziers, their employees, or redundant townspeople. They head for Melbourne where secure work is available. This—the main attraction of the city—has always drawn a steady trickle of people. Now that trickle is becoming a flood.

Quiet years

Industrial expansion around Melbourne is getting back into top gear after quiet years in 1969 and 1970. In the 1950s and 1960s feverish industrial development centred on Dandenong, east of Melbourne and at Geelong, south-west of Melbourne. Both these areas accelerated under the influences of encouragement and indirect assistance from the Victorian Government.

Now, a new area is being developed—on the shores of Westernport Bay, 40 miles south-east of Melbourne.

What was a quiet rural and resort area, occupied mainly by farmers, orchardists, fishermen and weekend trippers from Melbourne, now boasts a fertiliser plant, an oil refinery and numerous light industries. The foreshore—around the little fishing town of Hastings—throbs to the sound of bulldozers, dump trucks and earth-moving machinery. And in the next few years the transformation will be completed. Guest Keen and Nettlefolds, in association with Australia's monopoly steel producer, the Broken Hill Proprietary Company, have begun filling in foreshore, mud flats and mangrove swamps to complete a 2,000-acre plant and port site. Here they will establish a £500m. steel-making and processing complex.

Other big industries will certainly follow, for the steel plant will be there and power is on tap—pipelines carrying oil and natural gas from several fields in Bass Strait either pass through or end at Westernport. The American Esso group, with BHP, is talking of building an oil refinery and petrochemical plant near Hastings, and other large projects are being planned.

There are other good reasons for Westernport's popularity. It has a natural deep water harbour which, with a little dredging, will be able to handle 100,000 ton tankers and carriers. Land is still reasonably priced, and is readily available. And most important, industrialists have the backing of a development-hungry State Government and local council.

According to local politicians, Westernport could in time become "Victoria's Ruhr." Whether this is what electors want over the long-term may be another matter.

In 30 years the area 20 miles west of Melbourne, through to Westernport will probably be closely settled with industry and housing. Much of it already is. Demographers believe Melbourne's population then will be 12m. people—nearly four times the present. Planning for the whole area is, despite recent developments, haphazard and based on the flimsiest research. The danger is that it will become a 60 mile suburban and industrial nightmare, with the only natural foreshore so badly polluted by industry and overpopulation it cannot be used for recreation.

Under-finance

All this becomes the responsibility of an under-financed State Government. Voracious education and health services make light work of its money. The provision of other basic services to the expanding Melbourne metropolitan area absorbs most of the remainder.

The solution of longer-term problems like the plight of primary industry, or the conservation of a major recreation area close to Melbourne, are not yet very rewarding politically. One day they will be.

Property—(Cont'd.)

Continued from previous page

apparent failure of downtown residential apartments to succeed or be accepted in either Sydney or Melbourne.

One the other side of the continent Perth over the last three to four years has experienced a rapid inflation in land prices followed by a spending spree on office development in company with the Western Australian mineral bonanza. Present reports indicate some 200,000 square feet of floor space unlet arising from the injection of one million square feet into the market in less than two years, with another 11 major buildings to be completed within the next year. Such figures are comparable with Sydney or Melbourne which each have a population four times greater than Perth, not to mention their financial and administrative strength. Prices of $100 per square foot have been paid for strategic locations although the current trend appears to be either static or downwards; rental charges are hovering around $5.50 for new accommodation. Factors contributing largely to the present "crisis" have been the reaction to meet the stress placed upon limited supply by the mineral discoveries, and by relatively uninformed or speculative decision-making by investors in the eastern states or overseas.

Rising star

Brisbane is perhaps the rising star on the development horizon, especially in terms of CBD expansion. Land prices of over $150 per square foot have been recorded, some as high as $200 in response to a steadily rising and as yet unsatisfied demand. The general level of rents is $4.00 to $4.50 per square foot of floor space.

Similarly, in Adelaide demand for office space is stepping-up and land prices are expected to generally top $100 per square foot. Current rental charges are around $4.50, while some are approaching $5.00 per square foot.

Canberra's property market is expanding in the residential, commercial, and administrative spheres, but its size and position as a Government city do not make for meaningful comparisons.

Overall, the metropolitan property situation in Australia must be approached with caution, despite the indefatigable optimism of property consultants who assert that "oversupply is not necessarily a bad thing!" Small developers in Sydney and Perth may not share this view, since, caught up in the boom conditions, they are not in a financial position to afford to have large areas of unlet space on their hands for a lengthy period. Their position deteriorates still further if they have cut corners and are short on quality while requiring the going rental level to cover their original land purchase price.

Brisbane and Adelaide currently offer good prospects for property investment, and there is still scope for informed enterprise in Sydney and Melbourne provided thorough investigations are initiated into precise locations relative to the micro-market, marketable quality of product, and the most opportune timing and phasing of a project. This stipulation applies in particular to that Board decision taken in far-off places—the speculative honeymoon is, at least temporarily, over.

close of business on ... 29th September ... warrants will be posted on the 29th September

AUSTRALIA XXVI

N. S. Wales in grip of cost spiral

By WILLIAM GOFF

New Snuth Wales is cautiously preparing for a period of significant change in its economy, against a background of general malaise aod uncertainty about inflation in the national economy.

The most populous and most highly industrialised State, NSW also has the highest land prices, highest wage levels aud bighest cost of living indicators in Australia. The situation poses problems for boib Government and industry.

Manufacturers see themselves being priced out of many foreign markets because of their high costs in NSW. Primary producers, their higb costs coupled with the continuing problem of falling returns, are being forced off tbe land in great numbers. The State Government is fared on one side with the problem of doing what it can to assist the farmers, and on the other with the question of how to curb tbe cost spiral aod retain overseas markets for manufactured goods.

Seeking ways

In both areas the State knows that its own effectiveness is severely limited by its financial resources, and the Central Government must play a big role. The Liberal-Country Party Government in Canberra has recognised tbe rural crisis and is trying to find ways out.

But it seems to lack any long-term planning to deal with rost inflation in the secondary industries. For instance, there is a growing body of opinion in Australia that the present arbitration system has lost touch with modern conditions, but the Federal Government is making no apparent moves to investigate more appropriate methods of wage determination and settling industrial disputes.

For its part the NSW State Government, also a Liberal-Country Party roalition, has recognised that problems associated with industry location and transport have become vital to the manufacturing industries. When it came into office in 1965, the present Government immediately set up a department of decentralisation and development, with a Country Party Minister, John Fuller, at its head. The Ministerial post ranked high in the Cabinet, but low in the Treasury, a fact which has continually frustrated its planning.

Mr. Fuller firmly believes that decentralisation of industry will play a vital part in rontrolling costs, as well as allowing improvements to be undertaken in transport and services in the metropolitan romplexes of Sydney, Newcastle and Wollongong. About 90 per cent, of the State's manufacturing and service industries are located around these three cities, and there is increasing pressure on facilities.

However, the small Budget allocation to the department bas restricted its operations to ad boc assistance for particular firms wishing to re-locate or establish initially in areas outside the metropolis. An expert report, strongly recommending the intensive development of selected rountry towns in NSW, has been gathering dust in the department since 1969. Mr. Fuller says the key to its implementation is the Federal Government, which alnne has the funds to undertake such projects. The Federal Government remains indifferent.

Sydney-based manufacturers are looking increasingly towards the country for expansion or total re-location sites. The far cheaper cost of land and labour has been shown to offset other costs involved in the distance from raw materials and markets. Transport roncessions would clinch the matter for many more firms.

Country move

The manufacturers themselves see it as inevitable that many of rbeir number will mnve to country centres befnre long. Thus, as secondary industry takes over from primary industry as the major contributor to productiun, it will also begin a steady takeover of the farmers' territory.

For all its problems, NSW remains the leading industrial state, and in many ways it is still the most attractive proposition for establishing industries.

To begin with, the State enjoys many natural advantages. Raw materials are available in great quantities, there is a large dnmestic market (the pnpulation of the State is approaching 4m.) and the three major ports un the East coast carry the great bulk nf all Australia's exports. A fourth port, iucorpnrating an extensive industrial complex covering several square miles, is planned fnr Botany Bay, Sydney, and preliminary wnrk is already under way.

The power resources of the State are enormous, whether nr not a prnpnsed nuclear reactor is built on the south coast in the near future. NSW exports more than $100m. worth of coal each year, mostly tn the Japanese steelmakers, yet has sufficient known reserves to serve lncal power needs well into the next century. In addition, the State Gnvernment recently cnntracted with the State of South Australia for the supply of natural gas from that State at a price which will lead to substantial cost reductinns for industries using that fnel.

Mineral exnlnration is going on apace, and there is some interest in off-shore hasins which show geological evidence of oil or natural gas.

Manufacturers, worried about the effect nf their cost problem on many overseas markets, are heginning at last to look to South-East Asian markets fnr new orders. Until quite recently, this area has been largely ignored by Australian producers generally. Now, encouraged by the State Government, they are exploring marketing possibilities there with greater enthusiasm. The Gnvernment, again through John Fuller, sponsored a successful trade mission to Asia last year, and there have been many private trips since.

Acute shortage

There is one further limitation nn the economic growth of NSW through industry, and that is an acute shortage of skilled lahour. Despite a complete updating of the apprenticeship system, and a concentration on skilled labour among migrants, the shortage shows no signs of abating.

There are many people whn place some of the blame for this on the employers who are themselves suffering most from the shortage. While the commercial world is offering well-endowed scholarships to young school leavers wishing to further their studies in appropriate fields, the manufacturers hold out sparse incentives indeed for potential trade trainees.

Stern outlook in W. Australia

By DON LIPSCOMBE

Change of Governmenl in Western Australia this year has coincided with the end of the State's economic boom that was set off by minerals discoverles. The Liberal-Country Party coalitioo, a conservative political liaison, bad been in power a record 12 years before losing rontrol nf the Leglslative Assembly by a narrow margin at the February 20 elections. Lahour faces a difficult time politically, since the Upper House is loaded two-to-one against the Government, and economically since it must walk a tightrope even to maintain the momentum built up over the previous decade.

Paradoxically, this situatinn has created a halcyon investment climate. The conservative coalition was becoming increasingly tough with companies seeking to exploit the State's resources; Lahour cannot afford to he. To complete the round to paradoxes, the economic hoom has husted so quickly most Liberals are privately glad they have been relieved of power at such a time. And some traditional conservative voting blocs switched sides and are embracing Labour's policies, in many ways more akin to *laissez faire* free enterprise than anything developed within the carefully-framed guidelines of the previous administratioo.

Just as the Liberals were not anxious to herald their "guidetine" tendencies, Labour is unwilling to make a big thing domestically about its impure politics. Away from home, Labour Ministers talk of rontinuing and develnping the line that so radically changed tbe State's economic outlook over the past few years. The new Premier, Mr. John Tonkin, bas made it clear no obstacles will be put in the way of overseas investors wanting to make the most of what his State has to offer. This politically unlikely attitude is immune from the Opposition on the Right, and will be maintained until the Left-wing from Trades Hall calls the Government to beel.

Jobs first

And this is Western Australia's tightrope. To stay in power, Labour—parliamentary and union wings—must maintain progress or at least avert an economic backslipping. To do this, Socialist doctrines are put aside and traditional stances are compromised. Overseas capital is more than welcome, since it is more than ever necessary. It has become a matter of jobs or principles, and for the time being at least, it is considered prudent to be expedient.

Eronomically, Western Australia is suffering withdrawal symptoms after several years of boom. This has been most drastic on farms, where expansion was part of the 1960s creed. Nationwide trouble with wheat over-supply and lnw wool prices has been aggravated in the west by a poor season. Farm prices are falling, and despite election promises to stop foreclosures, Labnur does not bave the money to prop up the rural sector.

Delicate stage

The building industry bas been through the whole cycle from feverish activity to slump, and is at a delicate stage where an upturn in demand ls near but recession bas been around so long that building tradesmen have left the State. A glut nf bome units has created a buffer between the needs of new home-makers and a badly-needed boost for the rottage industry At the same time, flat construction has retreated from a peak of 3,600 units per quarter at the end of 1969 to a five-year low of 750. In the city, 11 new major office blocks are under way, to he finished next year. Without a major change in the pattern nf demand, this backlog will take between three and eight months to clear.

In national comparisons of typical shopping baskets, Perth ls being found to he Australia's most expensive city to live in. After having taken 16 years to edge up 10 points, the ronsumer price index moved another five points in the past year, and the treod is continuing.

Unemployment is higher than it has been for several years, although at 1.63 per cent. of the workforce it is still particularly low by most standards. The national sport of playing the nickel sbare market has been rendered out of season, and a remarkable spread of West Australians has been affected in one way or another, for as the market's money pipeline has dried up the mining service industries have been forced to retract.

The new government, yet to sbow hnw it will handle tbese widespread problems, also has the prospect of stern, across-the-board budget measures in the next few weeks. In one week, Premier Tonkin and bis financial advisers were burdened with a rise in police pay, one in teachers' salaries made retrospective for nne year, and a one-third lift in parliamentarians' pay—all the result of machinery set in motion when Mr. Tonkin was Leader of the Oppositinn, yet damaging economically and politically. Government expenditure has already been cut back and State taxes will have to rise. The stern budget is likely to be the signal fnr both union and Liberal attack on an loexperienced adminlstratinn running a state suffering from severe economic indigestion.

AUSTRALIA XXVII

Tasmania widens its economic scope

By ROGER LUPTON

The State of Tasmania still relies more heavily on rural earnings than the other Australian states, exporting each year 14,000 tons of meat, 10,000 tons of butter, 219m. lbs of apples and 30m. lbs of wool. The island has been affected by falling world prices and seems certain to be hit fairly hard by Britain's entry into the Common Market.

It is also the home of some of the country's biggest industrial enterprises—Comalco Aluminium; EZ electrolytic zinc; Cadbury-Fry Pascall confectionery; ANM newsprint; APPM paper and pulp; Repco engine bearings; Coates Patons woollen yarn; Mt. Lyell copper; Renison tin; Petersville processed vegetables; Titan paint pigments; and Temco ferro-manganese.

In the past most industries have been attracted to Tasmania by cheap power, plentiful water, a stable workforce, cheap industrial land and accessible deep-water ports.

With only three per cent. of the national population at 400,000 people, Tasmania accounts for 10 per cent. of the power generated in Australia. It has the most developed hydro electric power system in the world outside Norway, and its prices are substantially cheaper than those offering anywhere else in Australia. Despite a recent increase of 17 per cent. in domestic power charges bulk rates remain the same.

The State has recently embarked on its biggest power developments, the Gordon Scheme Stage One, in the south-west of the State, at a cost of more than $114m. Parliament has also recently approved plans for a similar scheme on the Pieman River system which will cost in excess of $120m.

Interest rates

At the same time the State has recently completed its first non-hydro project, an oil-fired thermal station in the north. There is in this an admission that rising interest rates may soon make capitally expensive hydro schemes too costly in the near future.

Two other events also suggest that the State's Hydro Electric Commission's dominant role in the Tasmanian economy may be nearing an end. The State Premier, Mr. Angus Bethune, said recently that during the past 30 years the State had been "rather mesmerised" into trying to attract big power-using industries at the expense of small, potentially labour-intensive industries, like tourism. Now the Government has mooted the formation of an advisory council to assist the Government in achieving total utilisation of its water resources.

Though surprisingly rich in natural resources, Tasmania's economic development in the past has been compromised by one obvious physical fact: Its separation from the mainland by the waters of the Bass Strait.

A decade ago the island was more effectively connected to the mainland by the introduction of roll-on, roll-off ferries operating between the four main Tasmanian ports (three in the north and one in the south) and the two big mainland ports of Melbourne and Sydney. In September last year the State was integrated into the Australia-Europe container shipping system, giving exporters access to one sailing every five days at the same freight rate as other Australian shippers.

But in April this year a nationwide strike by marine stewards cut the island's sea links with the rest of Australia and the world. Millions of dollars worth of ontward bound cargo and many tourists were stranded on Tasmanian wharves: hundreds were threatened with unemployment and inter-State and overseas markets were jeopardised.

The State Government is negotiating with the Australian Council of Trade Unions to insure the State against similar disruptions in the future, but it is unlikely that Tasmania can convincingly pose as an attractive home for market-oriented manufacturers relying on sea transportation, at least in the near future.

Meanwhile a number of other recent developments in the small economy have given rise to optimism.

Almost the entire State is under active mineral exploration and the coastline is being probed for oil and natural gas. Iron ore being exported from the Savage River on the west coast is expected to earn $400m. over the next 40 years and there is the prospect that a consortium of steel makers will set up a small, special steelmaking plant on adjacent reserves.

A tin mine at Mt. Cleveland has been re-opened at a cost of $9m.; $10m. has been invested in tin concentrate production at Renison Bell; $30m. is being spent converting Mt. Lyell copper mine at Queenstown from an open cut to an underground operation; and the Emu Bay Railway Company is spending $5m. re-equipping to cope with the increased business from the west coast mining areas.

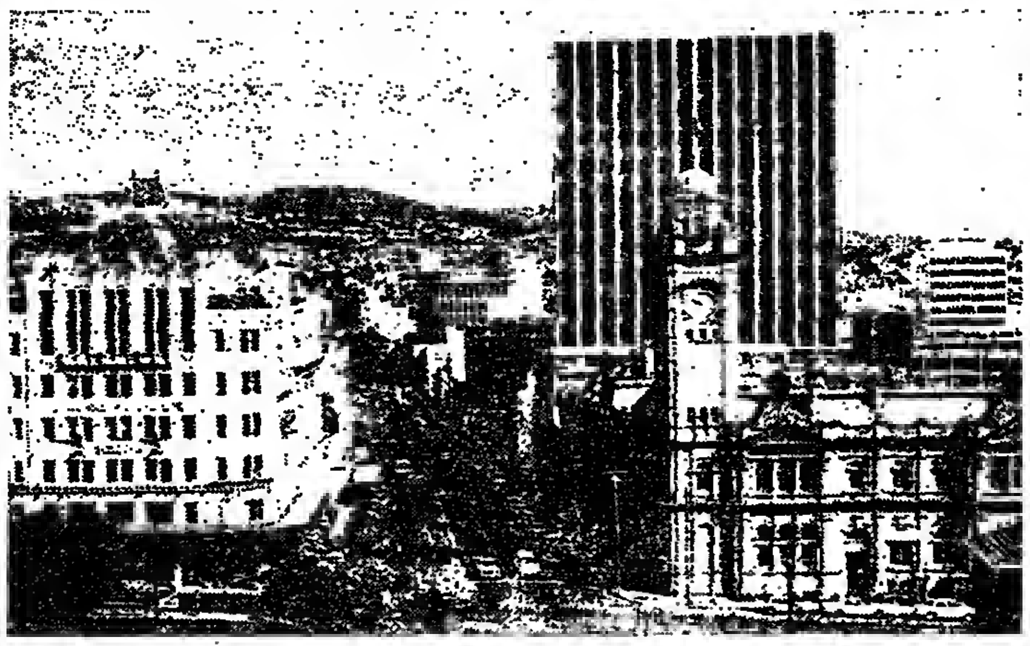
Though external transport is a factor largely beyond the State's control, moves are being made to rationalise the internal transport system. Railways have been freed to make door-to-door deliveries and road transport operators are being freed from paying a fee each time they move outside their small local area. The State has recently negotiated finance to build a 28-mile rail link from the big Northern centre of Launceston to the port of Bell Bay. One of the main functions of the new link will be to provide transport for the State's growing woodchip industry.

Forest products earn Tasmania $100m. a year and this figure could well double with production of woodchips. The Japanese came to Tasmania looking for chips for their rapidly expanding pulp industry in 1966. Now Tasmanian Pulp and Forest Holdings Ltd. have a contract to supply Jujo with 600,000 tons of chips each year for 15 years from their $7m. plant at Triabunna on the East coast, and APPM and Northern Woodchips Pty. Ltd. have similar contracts to supply several other Japanese companies from their plants on the Tamar River in the north of the State.

The industry which appears to offer the most immediate returns to Tasmania is tourism. The Government has set up a Tourism Development Authority with wide powers to control the standard of tourism facilities and recommend money being spent on worthwhile projects. So far tourism earnings only amount to about $12m. a year. It remains to be seen whether private and public resources will be found sufficient to augment the State's natural tourist attractions with the necessary man-made facilities.

The most optimistic symbol for the future is a new hotel-casino complex on the banks of the Derwent River in the southern capital of Hobart. A number of overseas shipping lines and airlines have already made special arrangements for the casino opening late next year. In the meantime, five other groups of promoters are jockeying for Government approval for a second casino hotel in the north of Tasmania.

Whatever the long-term effects of the casinos (the first in Australia), they could give Tasmanian tourism a short-term boost towards making it a viable industry.



Elizabeth Street, Hobart's main thoroughfare, looking towards the northern suburbs.

Northern Territory looks to statehood

By MICHAEL SOUTHERN

There are no rules by which statehood can be granted in the Australian Commonwealth. So just how long it will be before the 520,000 square miles that make up the Northern Territory gets autonomy is anybody's guess. But it is a question that is now uppermost in the minds of its 74,000 people, particularly as this once much ignored area becomes more and more a viable economic unit.

This is no longer a backwater of dusty towns and dry cattle stations. Over the last ten years, and in particular the last five, Northern Territory has seen great social and economic change. Mining, that saviour of Australia, has been the biggest single factor in this change with the development of the Gove bauxite deposits in the far north, the discovery of rich new uranium deposits, of oil and gas. Added to this is a new interest in the pastoral industry.

At present, the Northern Territory is under the administration of the Commonwealth Government, and much as the Territory appreciates the annual flow of funds for its development ($500m. over the last seven years), the growing population is becoming increasingly disturbed over the fact that the important decisions about its present and future are made some 2,000 miles away in Canberra. And, as the population grows the problem of jobs becomes important, and self-government would at least provide a civil service that would in turn offer jobs. (Government is an important employer in Australia—in all, one in four workers is employed in the various levels from federal down to local). Measured in terms of the new money that mining is bringing into the Territory, there is a basic case for independence now. But it is widely felt that it will be some years before Canberra hands over control: indeed Papua New Guinea will be self governing long before the Northern Territory.

In 1969-70, the overall net value of production for the Territory was $49m. (mining $21m. and rural industries $19m.). Once projects like Gove get under way, it will quickly top the $100m. mark.

Alumina plant

On the mineral side, Northern Territory is shipping out $24m. a year in bismuth, copper and gold from the Peko-Wallsend Tennant Creek project. The new Warrego mine will have an output of 40,000 tons of copper a year, building up to an export income worth some $40m. to $50m. on current estimates. Gove, that $300m. project in the north, has already begun exporting bauxite, and when complete its alumina plant will have a capacity to produce 1m. tons a year by the end of 1974. In hard cash terms this project should earn between $60m. and $70m. a year by 1975. The future of the uranium finds is another matter, discussed in greater detail elsewhere in this survey. But orders won by RTZ have enabled the reopening of older uranium centres. The oil and gas fields have not been tapped, and with discoveries in the north west shelf moving towards a commercial gas field, it may well be that the Territory's deposits will remain untouched for a long time. But it is a comfort to know they are there. There is talk of an oil and gas refinery at Alice Springs.

There has, in recent years, been a massive investment by foreign interests, mostly American, in the top end of the Territory, an area where an average rainfall of 60 inches a year in the wet season is of great comfort to the pastoral interests. More recently, an Australian millionaire and pastoralist, Mr. Bryce Killen, announced a $6m. venture which will involve international backing as well as local capital to develop 1½m. acres of a 2m.-square-mile property at Willeroo for cattle and grain sorghum. Cattle have been increasingly important to the territory and are worth $4m. a year in exports alone. Fishing, too, is developing as a major industry, with prawns currently worth $4m. a year in export income, and this is expected to reach some $10m. in the near future. Tourism is growing, particularly now that the Territory is being served by jets. Latest estimates suggest that tourists bring $18m. a year into NT.

Together, these factors have given the Territory a growth rate of 10 per cent. a year. And much as its residents complain about the lack of Commonwealth funds for development, work will soon start on a $19m. port development at Darwin. But the real need is still people.

AUSTRALIA XXVIII

Economic switch in Queensland

By MICHAEL SOUTHERN

As Queensland's dependence on her new-found minerals industry has grown and her efforts to attract manufacturers have increased, the relative importance of her rural industries has declined. At the same time, the rush by this State into the era of mining and manufacturing has been at such a pace that conservationists are deeply disturbed over an attitude on the part of government which, they claim, puts development above all else.

That the State had to switch the economy from rural to mining and industrial pursuits is undeniable. Even with modern methods, good seasons (in some areas) and good markets, the contribution towards the State's economy by primary producers has remained fairly static. For 1968-69, it stood at $A517m. At best, the last fiscal year will show a small decrease on this. Mining activity on the other hand has grown spectacularly from the $A40m. of the late fifties to $A153m. in 1968-69 and $A313m. in 1969-70. The 1970-71 figure will show an even more remarkable increase.

But the real concern for the rural sector is no longer that of coping with droughts and floods. It is the problem of rehabilitating distressed sheep farmers and the uncertainty over the future of the sugar industry once Britain enters the Common Market. Of all Queensland's rural activities, the sugar and beef men have been by far the most successful. Fortunately, the beef men have their market in the U.S. The sugar industry is controlled by international rules, and faces a severe loss if it loses the British market (and it is becoming quite clear that it will).

It is not just a case of the economics of losing a guaranteed 335,000 tons a year market at better than world rates. As these cannot be replaced, its effects on a vast area of the State which is built around the sugar industry will be those of declining townships, unemployment and a decline in a vast network of services built around this single commodity.

There are some 250,000 people dependent on sugar for their livelihood. Sheer distance prevents them from moving into other jobs quickly, no matter how much work is created by the mining industry. For while the Queensland Government has tried to encourage manufacturers, they are not in any great hurry to move to Queensland, and those who do want to be near the labour and consumer market of Brisbane.

Meanwhile, the mines grow. Mt. Isa Mines is expanding at Mt. Isa itself, and has embarked on a $A100m. project at nearby Hilton. The world's biggest alumina refinery at Gladstone is now in the middle of a third expansion phase costing $A125m.; Metals Exploration is raising the capital for its $A200m. Greenvale project near Townsville. Recently the State government announced that three more major projects, worth at least $A200m. were "just around the corner" and he spoke with his usual industrial enthusiasm about six more likely ones in the next two years.

The miners have also been responsible for a remarkable shift in the exporting ability of the State. Minerals are worth more than $A300m. in foreign currency, the bulk of it Japanese, and the government expects to see this treble over the next ten years. Come 1973, Queensland may pass NSW as the major coal-exporting State.

Factory production

As the miners grow, secondary industry, based around them, is expanding. The net value of manufactures in the last financial year will be somewhere close to A$800m., in 1968-69 it was $A664m. The annual rate of increase in factory production now runs above 11 per cent. compared to 7.3 per cent. in the previous five years.

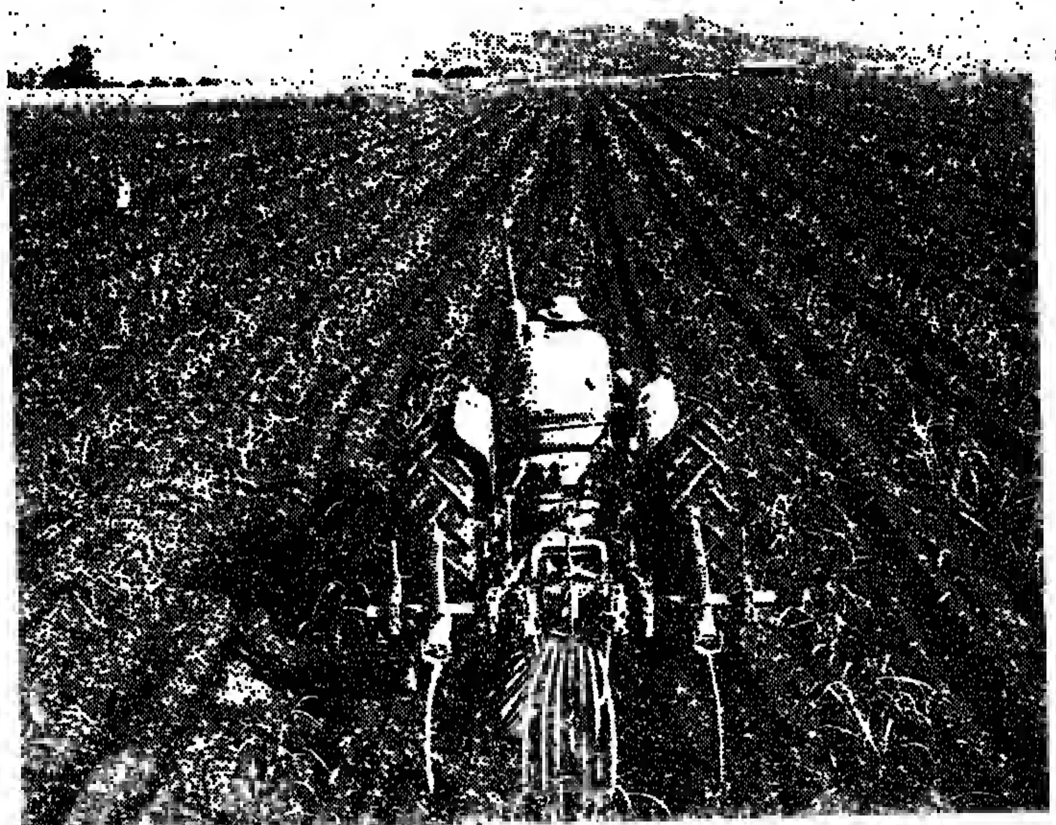
The growth rate generally is hampered by the lack of capital, though here again there has been a significant increase. The Government produced its own survey earlier this year to show that current capital commitment on just over 400 public and private enterprise projects totalled $A2,735m. compared with $A2,126m. a year ago. Two years ago, the capital commitment was $A1,624m. Unlike previous years, 77 per cent. of this is being invested outside the City of Brisbane—but one must remember that much of this is going into single projects like Gladstone, the Weipa bauxite fields in the very north and Mt. Isa.

The visitor to Queensland now sees a State of vast economic contrast. Old towns which thrived on rural industries are in decline. The once wealthy graziers are facing heavy debts rising costs and impossible natural conditions. At the same time, new towns are being built to serve the new industries, and these are destined to grow rapidly, along with those older coastal towns like Gladstone and Townsville which are, happily, close to the new developments. In turn, this is putting enormous strains on the development of communications—roads and railways in particular.

And the visitor to Queensland is also becoming of significant economic importance. Last year, tourists spent more than $A140m. in this State, mostly on its famous Gold Coast south of Brisbane, a strip of beach development where land is expensive, lights are bright and the buildings dense, tall and ugly.

Politically, Queensland is beyond doubt the most reactionary of all States, with its Country Party-dominated Government secure in the knowledge that the boundary distributions will ensure that it stays there. It was Queensland which, more than any other State, wholeheartedly welcomed the Springboks (even though the standard of Queensland Rugby is poor), declaring a state of emergency to ensure that its police force had the necessary powers to deal with demonstrators and ensure the matches were played. It is the Queensland Government which has come under most criticism for the share dealings and holdings of its Ministers and against which allegations of corruption are frequent.

But Queensland's way of life is gentle to the point of laziness, its outlook parochial to the point of introspection. Everything has potential, as any Queenslander will tell you—and no one can deny that, for all their faults, Queenslanders are certainly the most optimistic of Australians.



Cultivating young sugar cane plants on a farm in Northern Queensland.

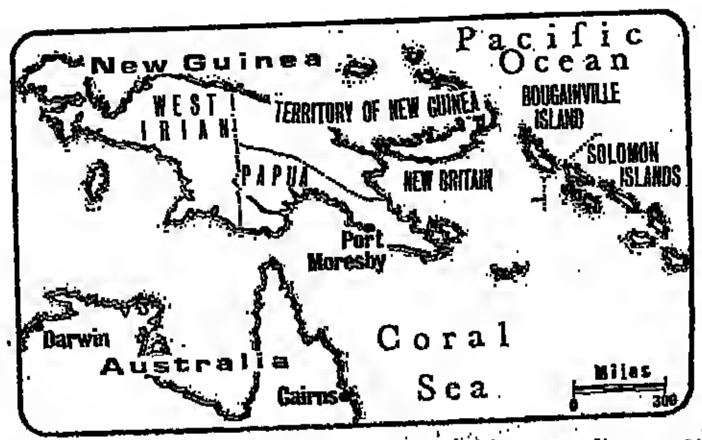
Part-Aborigine family at the Lake Tyers Reserve, Victoria.

Papua-New Guinea needs British market

By KENNETH DAVIDSON

It is of critical importance that the territory of Papua and New Guinea is not excluded from the EEC when Britain enters the market. At present Britain is an important outlet for the territory's major primary exports, and while the agricultural sector of the territory's economy is losing its position to copper in terms of export value, the agricultural sector is of vital importance as a means of absorbing the growing territory workforce.

Because of the Bougainville copper project, and the investment there by Conzinc Riotinto of Australia Ltd., and the Australian Government pumping more than $100m. a year into the territory, it has a phenomenal growth rate of around 15 per cent. a year (without inflation). And even if the Bougainville project is excluded, the growth rate has been in the vicinity of 10 per cent. in recent years.



However the monetary sector of the economy is only a small segment of the whole economy which is largely subsistence. A mere 12 per cent. of the workforce is employed in the modern sector at the present time; even if the current phenomenal growth rate could be maintained until the end of the century, territory manpower planners have calculated that only 15 per cent. of the workforce would be absorbed into the modern sector of the economy. (Semi-subsistence agricultural workers, who would probably derive most of their income from the subsistence sector of the economy, are excluded from this definition of the modern sector workforce.)

Obviously, the slow rate of absorption of potential workers into the monetary sector in spite of the economic growth rate, is storing up immense social and political problems for the territory in the post-independence future.

The problems appear potentially explosive when it is realised that the territory has a system of education which gives every second child of primary school age the chance of a primary education. At the same time, the chances for most of these students of being absorbed into the monetary sector of the economy (to which they have been taught to aspire) is remote—unless opportunities can be opened up in agriculture with the possibility of mixed subsistence and cash farming.

For this reason, if the territory is to have any chance for stability after independence, there must be access at least to the major markets of the world for territory cash-crops which form a supplement to subsistence farming. Thus, it is important that the territory should not be excluded from selling copra, coconut oil, coffee, cocoa and palm oil to an enlarged EEC.

The territory case for access to the EEC rests, of course, on the moral arguments related to under-developed countries. However the territory does not discriminate in its import policies in favour of the metropolitan country—which in this case is Australia—so that EEC countries can export to New Guinea without discriminatory barriers. The territory wants at least similar treatment in return. And hopefully the members of the EEC will get around to discussing the status of the territory at the meetings in Brussels later this year.

700 languages

The territory is one of the most primitive areas in the world. It covers some 180,000 square miles of extremely rugged terrain and has a population of about 2.5m. people of Melanesian origin, speaking more than 700 languages. The non-indigenous population totals just under 400,000 and consists mainly of Europeans and territory-born Chinese.

In spite of the massive injection of funds by the Australian Government into the territory, per capita incomes are in the vicinity of only $20 a year. Most Government expenditure is aimed at building up the infrastructure of basic Government and Government services, and transport and communication facilities. However to-day there is a growing realisation that concentration on encouraging development of the modern sector of the economy could create major problems for the future. For this reason the territory administration is placing increasing emphasis on the rural sector of the economy.

Nevertheless there are still major investment opportunities open in the territory for foreign investors. Apart from minerals a major area for foreign investors which the administration is actively promoting is timber. The administration has made its first major deal in this area of development with the Honshu Paper Company of Japan, for the establishment of a wood chip and veneer plant near Madang on the north coast of the mainland.

There are seven other large areas in which the administration is attempting to interest developers and some are associated with agricultural development such as stripping the forests for palm oil production. Another industry being developed is fishing. The administration has established a joint fishing venture with Japanese interests to exploit skip jack Tuna with shore-based processin plant. Within a couple of years the administration expects exports of fish from the territory to exceed the total Australian catch.

The site for the port and wharf facilities of the Bougainville copper project.

SOCIETY TO-DAY

How the police could combat violent crime

BY JOE ROGALY

THERE ARE at least two wrong ways of responding to the recent spate of police and judges' propaganda in favour of treating hardened criminals more harshly. The first is the all-purpose liberals' approach, which consists of professing shock whenever convicted prisoners are regarded as anything other than patients; the second is the rearguard conservative attitude, whose proponents derive a perverse satisfaction from the prospect of revenge. There is only one right way, which is to consider, coolly and calmly just what practical steps can be taken in an effort to reduce the amount of crime, and particularly violent crime.

Before this can be done it is essential to have a look at the figures, for without them it is not possible to pursue any serious examination of crime in this country. It might be different in America, where everyone knows that the amount of murder is frighteningly high and that certain streets are dangerous to walk in, but over here the quantity of crime is still low enough for it to be possible to take time out and look at the statistics.

Clear-up rate

These tell us that the total number of indictable offences known to the police in England and Wales has more than trebled over the past 20 years, from 461,435 in 1950 to 1,555,994 last year. During that period the proportion of these offences "cleared up" by the police fell in most years, although in the past year or two it has risen again.

In the provinces, the clear-up rate is now back to 49.3 per cent., nearly as good as the 50.9 per cent. of 1960. In London, where the police have been far less successful in catching criminals than elsewhere, the overall clear-up rate rose from 24.7 per cent. in 1968 to 28.8 per cent. last year. Scotland Yard announced with some pride last week that in the first half of this year there was a further increase to 29.1 per cent.

New methods

Looked at through the correct end of the telescope, however, the London police performance is nothing to write congratulatory letters to the Home Office about, since, this way round, the picture shows that more than 70 per cent. of the crimes known to have been committed in London are not cleared up.

Thus far, the figures tell an unhappy story. But it is not quite so bad as all that. An incalculable proportion of the apparent increase in the crime rate may be attributed to the introduction of more modern methods of policing and therefore of recording of crimes. The use of patrol cars and walkie-talkies enables policemen to arrive more quickly at the scene of a crime; hence notebooks are fuller.

The change in the general notion of who needs the services of the police has contributed to a rise in the statistics for crime in what were once slum areas—places in which in former years a drunken brawl would often not have led to the calling in of the police.

The next and most vital step towards a calm approach to criminal statistics is to look at the details. The phrase "indictable offences" covers everything from premeditated murder to pinching the money from the gas meter and even the broad sub-category of "offences against the person" covers a wide range of possibilities, from serious violence down to bigamy.

Of the 1.2m. indictable offences known to the police outside London in 1970, some 714,000, or substantially over half, consisted of "offences against property without violence." The next largest category, "offences against property with violence," numbered around 355,000; the seriousness of this particular category arises from the possibility of hard violence (which always exists in, say, housebreaking) rather than its actuality.

The number of cases of violence against the person, again taking the provinces only, was 33,731, and there were also 21,171 sexual offences. The London figures, which are broken down in a slightly different way in the published statistics, show roughly the same proportions.

It will be seen from all this that the kind of crime that really causes widespread social outrage—murders, assaults, and the like—is numerically far less significant than the headlines sometimes imply. What is more, it seems that a major proportion of the crimes of violence that do occur still takes place, as do murders, between people who know one another—be they relatives, friends or acquaintances. This is strongly suggested by the high clear-up rate (around two-thirds) for crimes of violence.

Carrying guns

Yet when all this is said there remains the irreducible core of figures that show that crimes of violence are increasing sharply; it is also apparent that there exists a number of criminal gangsters who are prepared to carry guns, and use them, when they are out on a robbery or a burglary. The London police can take credit for a high clear-up rate (it has risen to 69.7 per cent.) of offences against the person, but this cannot disguise the fact that there is still a two-to-one chance of not being caught for a robbery.

It is at this stage that the practical implications of the figures become clear. The first is that the possibility of being caught is not the deterrent that it should be, if only because the odds are distinctly in favour of the criminal. No amount of harsh punishment can deter if the man believes from the

beginning that he will get away with it. And the second is that something does indeed need to be done to reduce the amount of violent crime.

Towards this end it may be reasonable to confiscate the property of burglars (as the police demand) in order to render the profession less profitable. Minor modifications of some of the judge's rules may be desirable, provided that the result is not a reduction of the safeguards against wrongful conviction. And, provided that the rate of detection is increased, there might be a case for experimenting with a special "hard régime" for robbers and burglars who carry guns, although this should never be a permissible sentence for a first offence.

The reasoning is that the practical way to prevent crime, once the man is caught, is to rehabilitate him so that when he is released he is immune to temptation to commit a crime again. This is still generally true; yet it may be that some gangsters who repeatedly come back are beyond redemption: for them, if they insist on using guns, society has little option but to protect itself by imposing, and sticking to, long sentences; the deterrent effect of special harshness would remain to be proved.

In any case severity would mean nothing if the dectection rates stayed low. For this reason our society must arrive at a fresh definition of just what it wants the police to do. It is not possible, given the amount of of police manpower that we are prepared to pay for, to tackle all kinds of illegal activity at once. In some cases, the police prosecute people for actions that a great part of the public consider to be mere technical infringements; parking offences, for example.

The first priority, if the police are to concentrate on crime, should therefore be to transform the national corps of traffic wardens into a force of special traffic police. This would improve relations between the existing police forces and most of the public, and it might make it cheaper (because of lower standards of recruiting) to police traffic.

Pop concert

The second must be to persuade chief constables to get their social priorities straight. As the week-end showed, there can be a need to keep the peace at pop festivals. But when hundreds of policemen turn up, some of them in plain clothes (that is, pseudo-"hippie" costume), in order to sniff out any marijuana that may be going, that is evidence of a lack of sense of proportion. The same is true of police attention to supposedly improper publication. As a citizen, I want to be protected by the police, not told by them what I may read.

The police, in short, would do well to spend less time harassing the so-called "underground" and more time catching serious criminals. If this sounds to some people to be too liberal to be borne, the answer is, again, that it is a matter of practicality.

A precedent

For it is certainly true that a majority of people in this country have feelings of distaste for the long-hairs and those who read or sell pornographic material. The question is, what is the most efficient manner of putting these manifestations of our present era out of sight of those who find them unpleasant? In my view, the Dutch have the right answer in "repressive tolerance." The police let it be known that what goes on in such and such a part of town will not be noticed; if it happens anywhere else it will be sat on, hard.

This method has a precedent in the Gaming Act, which concentrates houses of gambling in certain areas so that they are easier to watch over. The present method of tackling the "underground" is expensive of police manpower and plainly not very effective; harsher repression would magnify these disadvantages. In this aspect of modern life the right way to arrive at the most beneficial policy is to follow the logic of the facts. And they lead to "repressive tolerance," which would release more police manpower to tackle serious crime.

Labour News

Strike suspended at British Leyland

BY JOHN ELLIOTT, LABOUR EDITOR

DISRUPTION in the motor industry, which had led to 21,000 workers being made idle, was eased yesterday when engine dispatch workers at British Leyland's Longbridge plant in Birmingham decided to suspend their week-long strike for two months.

This stoppage has halted Austin-Morris Mini production of 3,600 cars worth £2½m. and caused 3,000 men to be laid off at Longbridge and a further 3,200 at the group's Castle Bromwich body works. But they are to be progressively recalled when the strikers return to work tonight (Tuesday) following factory-level talks yesterday.

The decision to suspend the strike came shortly after the chairman of British Leyland's Triumph division, Mr. W. H. Davis, warned his employees that, unless the company improved its production performance, redundancies would "not be a possibility but a certainty."

Writing in Triumph News, the company's own newspaper, Mr. Davies said that the organisation was going through one of its worst periods in recent years, and that it could expect "an even rougher time" if production programmes are not speeded up.

Superficial examination of two Japanese motor cars in the possession of the company had revealed their "tremendously competitive nature." Their retail prices throughout the world and the dramatic increases in production quantities left, Mr. Davis stressed, no room for complacency.

"That the world owes no one a living has undoubtedly been accepted by the Japanese car maker, how long is it to be before we give this fact equal recognition?" he added.

Mr. Davis pointed out in his message that during the current financial year the company had not achieved during any week or day its projected production programme, or even "an acceptable percentage" of this volume.

"One of my main responsibilities to the company is to ensure and to maintain the employment prospects of many thousands of people. The cities of Coventry and Liverpool can ill afford a further increase in their unemployment figures. No one more than I wishes to avoid a situation like this developing. But unless our joint efforts produce something better it is not a possibility but a certainty."

Go-slow

Triumph itself is hit at its Coventry works by a go-slow operated by its internal drivers who are involved in a manning dispute. They clear finished vehicles from the assembly lines. As a result of the go-slow some 2,000 workers have been laid off, and all Triumph car production—except for the Toledo, which is made in Liverpool—has been seriously hit.

Meanwhile, the dispute at Lucas in Birmingham, where 300 maintenance engineers have been on strike for over a week, is continuing. Some 13,000 Lucas employees have been laid off at the company's nine Birmingham factories, but the major motor manufacturers have not yet started to suffer from a shortage of the company's components.

Peter Cartwright, Midlands Corerspondent, writes: The 26 Austin-Morris engine dispatchers decided yesterday to postpone their strike for two months after six-hour talks with a union official to allow time for their pay dispute to be resolved.

The wages of the 26 are at present geared to 77 per cent. of the piecework earnings of other workers in sections of the plant, and they are demanding a full piecework system to give them comparability. At yesterday's talks with Mr. George Wright, district secretary of the Transport and General Workers' Union, the 26 unanimously rejected a formula based on a standard day work system put forward by the management, which is seeking to introduce it throughout the plant.

Civil Service unions to resume merger talks

BY OUR LABOUR EDITOR

TALKS are to be resumed shortly which it is hoped will lead eventually to a merger of three Civil Service unions through the Ministry of Labour Staff Association and the County Court Officers' Association merging with the Civil and Public Services Association to form a 200,000-strong union.

The County Court Officers' Association, with some 5,000 members, decided at its annual conference earlier this year to hold a ballot on whether to transfer its engagements to the CPSA. This ballot is expected to take place by the end of the year after final details have been settled.

At its conference, the Ministry of Labour Staff Association, which has some 15,000 employment exchange members, decided to continue talks with the CPSA and is expected to consider developments again next year.

Writing in his union journal, Tane, Mr. Bill Kendall, general secretary of the 180,000 strong CPSA, says that all three unions agree that a merger would be desirable in the light of Civil Service reorganisation following the Fulton report. This reorganisation was likely to change the separate departmental structures of the county courts and employment changes, making it logical for the unions representing these two to link with the CPSA which was the main union for Civil Service general clerical grades.

KNITWEAR UNION, EMPLOYERS IN RESEARCH PLAN

The National Union of Hosiery and Knitwear Workers has reached an agreement with the Knitting Industries Federation—the employers' organisation—to set up a committee to inquire into economic trends and other matters affecting the industry.

Mr. H. L. Gibson, the union's general secretary, says the committee will have the power to represent the industry in making submissions to the Government or other bodies and will initially examine low-cost import and the EEC.

Wine sales soar by 28.7% in year to record

BY KENNETH GOODING

WINE SALES reached their highest level yet during the first six months of 1971. Boosted particularly by the demand for table wines, clearances from bond in the January-June period were 16.67m. gallons, or 28.7 per cent. ahead of the corresponding months in 1970.

More important, the total was also well above the previous peak of 14.26m. set in the first six months of 1968 before duty increases took their toll of wine sales.

"The present trend clearly indicates we are on the threshold of a mass market for wine," said Mr. Peter Noble, chairman of the Wine and Spirit Association.

"In the 1960s the trade was continually fettered by the Treasury, with almost annual increases in duty which severely restricted the development of the market.

"Those fetters are still on, of course, but none has been added in the past two years and, with prices being kept as low as possible, more consumers' purses are running to a few bottles a year.

"It is a trend which I hope—and expect—will become even more marked when we join the Common Market," he added.

The Association's analysis of figures released today by the Customs and Excise shows that 2.02m. gallons of table wines were cleared from bond in June, 28.9 per cent. above June, 1970. On the half-year comparison, the increase was 32.4 per cent.

High-strength wines—port and sherry types—were up 13.6 per cent. in June as compared with the same month in 1970, while the January-June total was 23.9 per cent. ahead.

Champagne (a 17 per cent. increase) and other sparkling wines (11.5 per cent. more) contributed to the buoyancy of the market in the first six months of this year. Clearances of champagne amounted to 448,000 gallons.

The success of British wines was registered in June clearances of 1.11m. gallons, a 30.1 per cent. advance on the same month last year. The half-year increase on 1970 was 22.9 per cent.

Exhibition of light aircraft opens to-morrow

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BIGGEST exhibition of business and light aircraft yet to be held in this country opens at Cranfield Aerodrome, Bedfordshire, to-morrow.

The "Business and Light Aviation Show," is sponsored by Flight International, the aeronautical magazine, and supported by many organisations in the aviation industry. It will encourage the ownership and operation of light aircraft by businessmen and industrialists, and promote aircraft as a new tool of management.

Organisations participating include the British Light Aviation Centre, the Business Aircraft Users' Association, the General Aviation Safety Committee, the Guild of Air Pilots and Air Navigators, and the Society of Licensed Engineers and Technologists. The show also has the approval of the Society of British Aerospace Companies.

During the exhibition there will be a number of lectures by businessmen and industrialists on the benefits derived from using aircraft, and to-morrow, the opening day of the show, the Business Aircraft Users' Association is holding a seminar to be addressed by Mr. Bernard Carfoot, deputy chairman of Allied Breweries, on the subject.

Over 40 manufacturers, distributors and other organisations involved in the light aircraft market will be exhibiting a wide range of aircraft both on the ground and in the air.

The show is international, with exhibitors from Europe, the U.S. and Russia. Helicopters will be featured along with fixed-wing aircraft — piston-engine, turbo-prop and jet powered.

It remains open until September 5, from 10 am to 6 pm daily. The admission charge is £2, payable at the gates, or at a discount through the professional bodies involved.

Glaxo to build factory in West Germany

By John Trafford

GLAXO is to set up its own manufacturing plant in West Germany, using part of the DM75m. loan which it raised there last month.

A spokesman for the company confirmed that negotiations for the purchase of a site were well advanced and should be completed soon. The location is not being revealed until the deal is complete.

At the new site, Glaxo intends to build a modest manufacturing unit which, it is thought, will take pharmaceutical intermediates from the U.K., process them into finished products and pack them. A cost estimate of DM6m.-7m for the proposed investment, given in the German Press, is believed to be fairly accurate.

Jaguar XJ series output passes 50,000

PRODUCTION of the Jaguar XJ series of saloons, including the Daimler Sovereign, has passed the 50,000 mark. About 28,000 have been exported, Jaguar Cars (British Leyland group) said yesterday.

The company also disclosed that more E-types were being made available for the home market.

Output of the XJ series from Allesley, Coventry, has been progressively built up and is approaching 650 a week. "The effect is a gradual reduction of the new-car customer's waiting time for delivery," said Jaguar.

In the U.S., which usually receives about 100 XJ models a week, demand was stated to be particularly high. "The XJ6 is providing Jaguar with its first major impact on the American luxury sedan market for several years."

Jaguar has been shipping most of its sports cars to America for over 20 years, and nearly 80 per cent. of the E-types has been the regular U.S. share.

Because of uncertainty surrounding deliveries to the U.S., caused by the ports dispute there, it has been decided to step up the proportion of E-types for the home market in the autumn, for a limited period only, thus improving availability, the company stated.

Record harvest hopes dashed

BAD WEATHER and crop disease have dashed early hopes of a record harvest, the Ministry of Agriculture said at the week-end. Late spells of sunshine, however, have helped farmers with cereals and the general level of yields will be higher than in 1970.

"Good weather early in the year made us think the harvest as a whole would be a record," said the Ministry. "But there have been heavy storms and certain varieties of cereals have been attacked by disease.

"The overall picture at the moment is based on preliminary reports, but at the moment we are inclined to think it will be a good, rather than a record, year."

Cereal growers have increased their acreages of oats, barley and wheat, but rain and soil moisture have prevented extensive harvesting by combines, which have become stuck in the fields. In England and Wales, fields under wheat have gone up 200,000 acres for 1970, an increase of 8.71 per cent. Barley has risen 65,000 acres (1.4 per cent.) and oats 7,000 acres (1.3 per cent.). "The wheat is good both in quality and quantity," said the Ministry.

A National Farmers' Union spokesman in East Anglia, where only 25 per cent. of the crop has been cut, said: "The present good weather needs to continue if satisfactory progress is to be made with the cereals harvest."

close of business on the ... warrants will be posted on the 29th September

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COMPANY NEWS + COMMENT

Nu-Swift forecasts higher profit

ASSUMING a settlement on the present world curreocy crials and given reasonable second-balf trading conditions the directora of Nu-Swift Industries, the fire extinguisher group, are optimistic that current-year profits will exceed the £548,598 achieved in 1970.

From a turnover of £1,760,765 against £1,646,318 profits, before tax, in the six montha ended June 30, 1971, have gone ahead by £35,000 to £303,000.

An interim dividend increased from 1p to 1¼p per 5p share is declared; this, however, does oot imply a higher year's total, members are told. For 1970 the total waa 3.625p.

	First half 1971 £	1970 £
Turnover:		
Home	1,305,829	1,239,208
Direct exports	454,936	407,110
Total	1,760,765	1,646,318
Profit before tax	303,000	268,000
Profit	152,000	147,000

Total value of ordera procured during the half year, compared with the similar 1970 period, increased in the home market by 9 per cent. and in export markets by 6 per cent. Unexecuted orders at the end of June, for delivery within the next three months totalled £206,755 (£174,566).

Although the group has launched home and overseas, three models of the stored pressure multi purpose dry powder extinguishers it does not in the medium-term anticipate any "dramatic" increase in sales and profits.

For the longer-term the directors are confident these extinguishers will play a "very vital part" in the company's further growth.

● comment

In the first half Nu-Swift has achieved a useful increase in profit margins, from 16.3 to 17.2 per cent., despite a slower rate of growth in home turnover due to the postal strike and other difficulties. Orders continue to move in the right direction and the export trade is becoming increasingly important, which gives point to the chairman's concern over current events in the foreign exchange markets. With this reservation, the group should be able to match last year's second-half while if growth continues unimpeded, pre-tax profits of £600,000 for the year seem a fair target. This would produce earnings of 6p a share, against 5.2p for 1970, and a prospective p/e of 13 at 78½p. The shares have come up from a low of 55p this year but do not look over-valued: fire-fighting is reckoned to be a growth industry which should be given a boost when the Fire Precautions Act can be implemented.

HIGHLIGHTS

This week's list, foreshortened by the Bank Holiday, still includes some impressive names headed by none less than **I.C.I.**, which is due to produce an interim report on Thursday. Chemicals are well represented on that day, for both **Albright and Wilson** and **Ashe Chemical** should also announce interim results then. Insurance is also prominent, with half-year statements due, again on Thursday, from **General Accident** and **Sun Alliance** following Wednesday's interim from brokers **Price Forbes**. Wednesday should also bring half-time news from **Clarkson International, Fairclough** and **Long John International**. Included on Thursday are **B.E.T.** with results for the full year, and an interim from **F. J. Wallis**.

Property Security growth

THE BOARD of Property Security Investment Trust expects that 1971-72 will show a growth in rental income similar to that of the previous year, and with higher dividends now being received from the share portfolio, total income from that source is also expected to increase, states chairman Mr. A. H. Perry.

It is not possible to forecast dealing profits, he says, but it is the group's policy to keep such profits at a relatively low level.

As reported on July 31, the amount available for appropriation for the year ended March 31, 1971, was £278,065 (£235,707) and the dividend 8¾ per cent. (equivalent 6.96 per cent.).

As regards 1970-71, the directors decided not to transfer from capital reserve a sum calculated by reference to expenditure on properties being developed, but instead appropriated from reserve a general sum of £350,000. The amount available is therefore not directly comparable with that for 1970.

The group now has a substantial amount of office and industrial development in hand and, so long as favourable lettings continue, growth for several years will be assured. "Nevertheless, we are still investigating new possibilities as they arise," the chairman reports.

Much of present financing is dealt with by way of short-term loans, but as developments are completed, new long term arrangements will be entered into. The Board does not foresee any difficulty in arranging suitable mortgages, but, in the meantime, has arranged medium term dollar borrowings, of which £830,635 has been taken up.

Meeting, Great Eastern Hotel, E.C., September 22, at 12.30 p.m.

Chairman's Statement Page 44

Vectis Stone recovering

CURRENT YEAR profit of Vectis Stone is expected to show "a satisfactory measure of recovery" toward the £186,041 achieved in 1968-69, saya chairman, Mr. J. A. K. Collins.

Profit for the six months to March 31, 1971 amounted to £61,000, compared with £36,000 in 1970 and £65,000 in 1969. The figure for the full year to September 30, 1970 was £130,334.

The demand for group materiala and services was encouraged by the mild winter. Competition continues to increase over most activities, but this challenge is being met, says Mr. Collins.

The commissioning of a new tarmacadam plant in the half year enabled the company to maintain a high standard of quality and service. In June, manufacture of ready-mixed concrete was started as a logical extension of the group.

An unchanged interim dividend of 12½ per cent. is declared. The 1969-70 total was 35 per cent.

● comment

Vectis Stone's first half jump of 69 per cent. in pre-tax profits is almost entirely due to the abscence of the contract losses which depressed profits in 1969-70. Several new contracts have recently been entered into and the order book is currently at a satisfactory level, but this will bring benefits to 1971-72 rather than the current year. There should also be something to come in 1971-2 from the recent expansion into ready mixed concrete. The recovery element, however, has now been exhausted so the future profits growth is likely to be steady rather than dramatic. In view of this profits in the region of £165,000 seem a likely target for the full year, putting shares at 58p on a prospective p/e of 9.2.

L. Ryan transport expansion

L. Ryan Holdings, the Cardiff-based coal recovery and plant-hire company which is part of the Hodge Group, is to centralise and extend the activities of its large transport fleet, saya chairman Mr. L. Ryan.

Ryan Transport and E. Pile Tippers will be grouped in a recently acquired freehold at Bedwas, Monmouthshire, and Western Plant and Equipment has been moved to the group's main depot.

As reported on August 6, with forecasts of better profits in the current and following years, pre-tax profit for the year ended January 31, 1971, was £270,529 (£485,316) on a turnover of £2,825,267 (£2,955,210) and the dividend is 16 (25½) per cent.

The auditors report is qualified as to the realisability of the stock of fine coal included in the balance sheet at £895,100.

A relevant note to the accounts says the managing director is satisfied that, while at January 31, 1971, no part of the stocks had been sold, so that at that date it waa not possible to establish a specific realisable value, over a reasonable period it will be disposed of in full for use at power stations in South Wales supplied by the company at a realisable value which will be not less than the book figure.

Recent developments have resulted in an order being placed for the supply of 2,000 tons per week at a satisfactory price to one Power Station and with the prospect of further substantial orders for additional Power Stations in South Wales, it is added.

Meeting, Cardiff, September 21, noon.

Cardigan Shipping & Upper Clyde

A PROFIT of £25,236 by Cardigan Shipping Company for 1970, against a loss of £40,196, reduces the deficit carried forward to £87,942.

Mr. J. B. Godager, chairman, stresses that the events at Upper Clyde Shipbuilders must be regarded as a "very heavy blow to your company."

However the directors think that the problem "should now be a manageable one" so far as Cardigan Shipping is concerned. They remain hopeful that, in the long term, worthwhile profits will be achieved, but the events of last year, together with the weakness of world freight markets, can only delay achievement of this goal.

Contracts were entered into for the construction by UCS of four bulk-carriers of about 25,000 tons deadweight each. Two are scheduled for delivery this year at contract prices of about £2.4m. each: the other two were contracted for delivery in 1972 at about £2.7m. each.

To assist in rectifying the cash crisis which arose at UCS the Cardigan directors together with others similarly involved, agreed to participate in a scheme involving an upward adjustment of contract prices. A further £200,000 for each ship was agreed to be paid to the builders: of this £100,000 per ship was paid immediately, with a further £50,000 payable on each launch and delivery.

The first two ships have been launched and are expected to come into service later this year, but, with the renewed and increasing financial difficulties of UCS construction of the company's second two vessels has been suspended.

What happens to the second two orders, and to the substantial sums of money put down on them, will depend on discussions with the liquidator and on the outcome of the Government's proposals for future shipbuilding on the Upper Clyde, says Mr. Godager. "Meanwhile we must regard the recovery of any part of the money put down on the second two ships ordered from UCS as being most problematical," he adds. No provision has been made for any loss on further payments which may arise in respect of these contracts. These matters are the subject of a qualification in the auditor's report.

Cardigan's ultimate holding company is Rederiaktieselskapet Norse King, registered in Norway—at end-1970 it held 1,018,786 shares. Merchandise and Investment Trust held 280,005.

Meeting, 18, London Street, E.C., September 22 at 2.30 p.m.

Armitage Shanks uptrend

Currently turnover of the Armitage Shanks Group is ahead of last year and, given freedom from undue cost increases and disputes, "our course is set for another upward movement of profits," says chairman, Mr. C. K. Stott.

He hesitates to say, however, that the increase will be on the same scale as that achieved in the past year.

Mr. Stott stresses that the demands of economic production will tend to reduce the group's wide range of types, a process which is somewhat slow and has to be planned with care. The policy is constant examination of the efficiency of manufacturing units aimed at reducing unnecessary duplication and improving the processes of production and distribution.

As reported on July 1 group pre-tax profit expanded from £637,207 to £938,607 in the 53 weeks to April 3, 1971, and the dividend is stepped up from 16 to 20 per cent. U.K. turnover was £12.32m. (£9.98m.) and sales of overseas companies £1.86m. (£1.21m.). Export sales from the U.K. were £2.2m. (£1.87m.).

Benefits began to emerge from the merger between Armitage and Shanks. As the preceding year did not cover a complete year of group activities it is not possible to make a straight comparison. But at £1,270,665 the trading profit is an improvement in a year in which productivity and increased turnover "only just managed to keep ahead of the relentless forward surge of rising costs," says Mr. Stott.

Meeting of the company—makers of quality plumbing fixtures in vitreous china, fireclay, plastics and metal fittings, will be held in Birmingham, September 20, noon.

● comment

The 1969 merger which produced Armitage Shanks has placed the group in a good position to take advantage of the current upturn in both housebuilding and renovations. Last year Armitage made a good recovery from the 1969-70 setback while Shanks continued to move forward. Reorganisation and rationalisation are still in progress and the benefits from these should show through over the next few years. Further profits growth looks assured in the current year, and the shares at 88p (13p up since the results in July) on a fully diluted pe of 13.2 may not yet be fully discounting the prospect.

Chairman's Statement Page 6

Ebonite Container

After rather a slow start, the present financial year of Ebonite Container is progressing satisfactorily and with increased potential the directors have at present no reason to expect other than a successful year.

As reported on August 5, pre-tax profits for the year to March 31, 1971, improved from £84,345 to £118,023 and the dividend is raised 2½ per cent. to 10 per cent.

Chairman, Mr. G. W. Smith, reports that all companies in the group are working profitably but the two major subsidiaries—the Ebonite Container Company (Manufacturing), and Ferguson Shiers—improved their position very satisfactorily.

Orbex contributed substantially to group profit but the Rhodesian interest did not, as no dividend was declared by Karina (Private). The directors find it difficult to assess the present position and future prospects of what has become since 1965—a frozen asset.

General Tire and Rubber Co. Inc. holds 275,000 shares—12.6 per cent. of Ebonite's capital. Meeting, Connaught Rooms, W.C., September 21, at 11 a.m.

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times.

Commodore Securities (Section: Banks).

Evans of Leeds (Section: Property).

Cosalt (Section: Industrials, Misc.).

Burnett and Hallamshire Holdings (Section: Industrials, Misc.).

Reliance Hosiery (Halifax (Section: Textiles General).

Associated Spring Corp. (Section: Americans).

Testing Blackstone diesel engines at the Stamford, Lincs, works of Mirrlees Blackstone, now granted the certificate of Lloyd's Register of Shipping for batch and line-produced machinery. The scheme makes possible the certification of items of equipment where an individual survey of all the stages of manufacture is impractical.

DIVIDENDS ANNOUNCED

		Current payment %	Date of payment	Corresponding div. %	Total for year %	Total last year %
Nu. Swift	int.	†(c)1¼p	Oct. 7	1p	—	3.63p
Vectis Stone	int.	12½	Oct. 16	12½	—	35

* Equivalent after allowing for scrip issue. † Amount per share. (a) Tax Free. (b) On Capital increased by rights and/or acquisition issues. (c) Does not imply higher total.

Progress by Jones Stroud

CURRENT REFLATION should start to influence events during the next two or three months and if this eventuates, says Mr. P. L. Jones, chairman of Jones Stroud Holdings, he is confident the company will achieve "satisfactory results" for the year to March 31, 1972.

He reports that first-quarter sales are slightly up, but a slackening demand in the light electrical and electronics industries has had some effect on profitability of subsidiaries in those fields.

On the longer term the view is taken that it would be generally beneficial to the group if the U.K. enters the Common Market.

Some progress was made towards realising the inherent potential of the group in the past year resulting in an increase in the rate of profit growth. There is, however, still much to be done "before we can be satisfied with our efforts and we are mindful of the task of increasing profitability still further in the years to come," Mr. Jones declares.

As reported on July 22, group pre-tax profit for 1970-71 was £988,337 (£827,070), the Ordinary dividend 27 per cent. (25 per cent.), the "B" Ordinary 6¾ per cent. (6¼ per cent.), and a three-for-five scrip issue for holders of both classes is proposed.

Directors' holdings show the chairman with 468,997 "B" and 50,000 Ordinary and Mr. D. L. Jones with 468,997 "B" and 50,000 Ordinary. Trustees of the Jones family trust held 1,603,503 "B" shares.

The company manufactures fabrics, accessories and materials for the textile and electrical industries. Meeting, Nottingham, October 7 at noon.

Economic Group confident

Excluding the loss incurred by Auto Diesels Braby, the 1970-71 pre-tax profit of the Economic Group was running at an annual rate of £369,000. Further improvement in turnover and profitability is taking place in the current year, says the chairman, Mr. J. S. Hine.

With the reorganisation of the group's operating activities mainly completed, the future may be faced with confidence, he tells members.

Profit before tax at £246,000 for the year ended March 31, 1971, compared with £193,000 for the previous 15 months. It has not been considered necessary to make any provision for corporation tax as it is estimated it will be fully offset by tax losses. In addition there will be no charge for tax for some years on profits arising in Braby Group, one of the main subsidiaries, as there are tax losses amounting to at least £2½m. to be carried forward.

As reported on July 24, the dividend is 50 per cent. for the year (same for 15 months, equivalent to 40 per cent. on an annual basis).

Following the acquisition of Braby Group on June 25, 1970, the year was one primarily of consolidation and reorganisation in the enlarged group. Particular attention has been given to Auto Diesels Braby—it is now clear that its future can be viewed in a different light, and the directors are confident that its 1971-72 results will be materially better than the loss of £94,000 for the nine months since its acquisition.

The adjusted net asset value of Braby Group at the date of acquisition has been determined as £917,000, which is considerably less than the directors expected. Legal advice has been taken and a writ for damages has been issued against the former chairman of Auto Diesels Braby and against two firms of accountants who acted as auditors, the chairman reports. Pending settlement no credit has been taken for any possible recovery, nor provision made for the expenses of such action.

Meeting, Skyways Hotel, Hayes, Middlesex, September 20 at 4.30 p.m.

Chairman's Statement Page 7

Record £304,889 by Carding

TAXABLE profits of Carding Investments increased by £54,775 to a record £304,889 in the year ended March 31, 1971—at halfway they were ahead from £128,715 to £165,280.

A final dividend of 15 per cent. has already been proposed, making an unchanged total of 22½ per cent.

Chairman Mr. M. J. Carding reports that the current year has started well and he is confident of announcing a further profit rise for the year.

	1970-71 £	1969-70 £
Profit	304,889	250,114
Motor vehicle*	206,899	151,059
Property	97,876	98,652
Finance	114	403
Taxation	122,717	112,980
Net profit	182,172	137,134
Dividends	90,000	90,000
Less waived	33,750	33,750
Forward	468,883	341,417

* Motor vehicle sales totalled £3,208,820 (£2,765,661).

During the year the main concentration has been on the development of the motor vehicle division, and the chairman looks forward to a further increase in future profits.

There has been little activity in the property division, due mainly to problems created by the development charge. Now that this has been rescinded the group is concentrating on the development of new shopping centres in the Wolverhampton area. This will result in a substantial increase in rental income in 1972-73, and it is intended to undertake further developments as and when suitable opportunities arise.

Meeting, Wolverhampton, October 7, at 6.30 p.m.

Anderson Mavor potential

CHAIRMAN of Anderson Mavor, Mr. James Anderson, tells members he anticipates that turnover for the current year will show an increase over previous years.

The greater part of turnover continues to be sold to the National Coal Board and, in contrast to last year, prospects for the coal mining industry in the U.K. are greatly improved. "I have confidence that these better prospects will result in increased orders," he says.

The past year was not easy. Much time and energy had been, and was still being devoted to restructuring activities—in the end "the group will emerge stronger and confident in the future."

As reported on July 27, group profit, before tax, for the year ended March 31, 1971, was £722,000 compared with £889,000 for the previous 13 months. The dividend is 7 per cent. (5 per cent.).

The overall results were severely affected by the accelerated deterioration in the results of Mavor and Coulson, where losses in the manufacturing and conveyor contracting divisions amounted to £860,000, the chairman says.

It was expected the group would have to face a contraction in its overall profits while reorganisation of this subsidiary was being undertaken and unprofitable products discontinued. The integration of Mavor and Coulson with the Anderson Boyes division under a combined new management is well in progress and holders are "entitled to expect that losses of such magnitude can now be progressively eliminated."

The conveyor contracting division had been hived off as a separate division also under new management and improved results are expected, he says.

Meeting, Glasgow, September 23, at noon.

Raglan in "strong position"

Outlining the progress that Raglan Property Trust has made and is capable of making in the future, chairman, Mr. J. A. Rowland-Jones says he believes "that this company is in a stronger position now than for many years."

As reported on August 20, pre-tax profits for the year to March 31, 1971, improved from £153,753 to £181,599 and the dividend is 7½ per cent. (5 per cent.). As known, profits of not less than £340,000 and a 12 per cent. dividend are forecast for the current year.

Regarding the recently announced sale to Frugenia Property of various properties for £2.28m., payable over five years, the chairman explains it has "become patently obvious to most public companies in the property business that it is not a viable proposition for them to continue as residential landlords.

"Due to political considerations, rents on residential properties bear little relation to the value of the properties or their cost of replacement, and that is why companies such as Raglan are disposing of flats 'en bloc' or by individual sales," he tells members.

The sale of the London flats has been so arranged as to minimise capital gains tax liability, counsel's opinion in this connection having been taken. Raglan will also be able to make use of a considerable loss for capital gains tax purposes on the sale of shares from the previous year.

The Bournemouth - Swanage Motor Road and Ferry Company contributed record profits in spite of higher operating costs and a slight reduction in the number of passengers, cars and buses carried. It is, however, anticipated that receipts for the current year will again show an improvement and this will enable the group to absorb the increased operating expenses and show once again an improvement in profit.

Accompanying the accounts is a further letter to members from Mr. Rowland-Jones again urging them to vote against the resolutions to be submitted at the forthcoming extra-ordinary meeting which, if approved, would result in the removal of the chairman and the present Board.

The meeting has been requisitioned by Alliance Property Holdings (which has made three unsuccessful bids for Raglan) and the Investment Company and associates.

In his letter, Mr. Rowland-Jones replies in full to the recent criticism by the vendors Martlet Developments, of [illegible] property sale, and again calls for publication of details of the agreement regarding Raglan shares between the Martlet vendors and Alliance.

At the 1970-71 year-end, Rowland-Jones was shown holding 1,674,930 Ordinary stock units and the Investment Company as being interested in 6,930,750. Annual meeting, Abercorn Rooms, E.C., October 7 at 11 a.m.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below is based mainly on last year's time-table:—

TO-DAY

Interims—Cosalt, Dufay Bitumastic, Friedland Doggart, Daniel T. Jackson, Low and Bonar, National and Grindlays, Needlers, Pantiya, Price Forbes, Tr[illegible], Walker Sons.

Finals—Assam and African Investments, Incledon and Lamberts, Movitex, Zell[illegible].

FUTURE DATES

Interims—

Anglo Amer. Corpn. of S. Africa	Sep
Anglo American Industrial Group	Sep
Anglo American Inv. Trust	Sep
Canning Town Glass	Sep
Clarkson International Tools	Sep
Consd. Diamond Mines of S.W. Africa	Sep
De Beers Consolidated Mines	Sep
Delyo	Sep
Economic Insurance	Sep
Fisher (James)	Oct
GRP Group	Sep
London and Bombay	Sep
Oliver (George)	Sep
Quick (B. and J.)	Sep
Spong	Sep
Wolstenholme Bronze Powders	Sep

Finals—

British Electric Traction	Sep
Inchcape	Sep
Myson Group	Sep
Zambian Anglo American	Sep

ISSUE NEWS

$7m. loan for Buffels.

The Banque Belge, affiliated with the Societe Generale de Banque, has syndicated a loan of U.S.$7m. for Buffelsfontein Gold Mining Company with a group of international banks in London.

The loan, which is for a duration of five years, has been guaranteed by General Mining and Finance Corporation.

MASSMUTUAL

Arrangements have been completed for the issue of the 4[illegible] shares of capital stock in MassMutual Corporate Investor Inc. a price of $25 each. Lehman Brothers headed the underwriting syndicate.

See Page 37

CMI INVESTMENT

The 900,000 shares of Common stock with 450,000 warrants, CMI Investment Corporation have now been sold. The underwriting group was headed by E. F. Hutton and Co. Inc.

See Page 7

TESORO PETROLEUM

The 1.3m. shares of Common stock, with 650,000 warrants Tesoro Petroleum have now been sold. The units (consisting of one share and half a warrant) were issued through an underwriting group headed by E. Hutton and Co. Inc.

See Page 6

BIDS AND DEALS

MILES REDFERN

DOCUMENTS in respect of the agreed offer by BTR Leyland Industries for Miles Redfern have now been sent out. The offer closes on September 17.

ASSOCIATES DEALS

Rogers and Millhourn on August 26 sold 5,000 Twyford at 119p [illegible] a country broker, who was dealing for an associate.

FINANCE HOUSE BASE RATE

The Finance House Base Rate published by the Finance Houses Association, is to be unchanged in September at 6½ per cent. The rate is offered as an alternative to Bank Rate as a peg to which the fluctuating rates charged by finance houses on certain kinds of lending can be based.

RESULTS AND ACCOUNTS IN BRIEF

BORELLI TEA—Div. 5 per cent. for 1970 (same). Net profit £18,290 (£3,835) after tax credit £1,722 (charge £3,331).

CHARNOS (Manufacturers stockings and tights, lingerie, knitwear, outerwear, etc.)—Results for 1970 reported June 3. Group fixed assets £1,051,150 (£1,007,981). Current assets £5,340,704 (£2,995,290) and liabilities £2,357,140 (£1,454,921). Sales rose from £3,729,897 to £7,867,824. Chairman says the disparity between a 28 per cent. rise in sales and 4 per cent. rise [illegible] seems to be an inescapable feature of the various sections of the textile trade. Meeting, Ilkeston, September 17, at 2.30 p.m.

CITY AND BOROUGH PROPERTY CORPORATION (subsidiary of Capital and Counties Property)—Group profit year to March 25, 1971, £43,942 (£41,519) after tax £26,638 [illegible]. To general reserve [illegible] dividends £66,363 [illegible]. Properties £421,000 (£447,000). Meeting, [illegible] Broadway, S.W., September 22, at 10.45 a.m.

GIBBS AND DANDY (builders' merchants, ironmongers, electrical wholesalers, etc.)—Group turnover, half-year to June 30, 1971, £1,553,895 (£1,495,939). Group profit £81,899 (£51,878) less debenture interest [illegible]. Postal strike, [illegible] in unemployment, gave cause for some concern but despite the fear of falling sales, turnover shows increase of 3.74 per cent. As a result, reduction in net profit reported a year ago has been reversed. Raising of grant for home improvements, greater confidence within building industry, and recent announcements by the Chancellor, confirm the optimism chairman expressed in his annual report. While not willing to forecast final result for 1971, he says hope that the improved dividend (12½ per cent.) will be maintained.

"INVESTING IN SUCCESS" EQUITIES—As known, interim dividend 3 per cent. (same—total 7 per cent.) for year to January 31, 1972. Gross revenue for six months to July 31, 1971, £104,598 (£143,440). Net asset value per Ordinary share at August 9, 1971, 106.3p (94.9p at January 31, 1971), including 100 per cent. dollar premium. Interim results should not be taken as indication for remainder of year.

MAJULI TEA—Dividend 15 per cent. for 1970 (same). Net profit £21,897 (£46,279) after tax £18,647 (£11,771).

OCEANA CONSOLIDATED—Dividend 5 per cent. for year to March 31, 1971 (same). Group profit £46,233 (£44,676) after tax £15,636 (£15,437), leaving £17,237 (£25,844).

THURGAR BARDEX (plastic products)—Group profit 24 weeks ended June 12, 1971, after directors' remuneration and all operating expenditure, £78,875 (Thurgar Bolle (Successors) £61,057 and Bardex (Plastics) six months to September 30, 1970, £46,622). Depreciation and amortisation £22,946 (£14,696 and £6,772). Mortgage interest [illegible]. Interest received [illegible]. Net profit [illegible]. Company's name changed to Thurgar Bardex, following merger with Bardex (Plastics) late last April. Group results include latter company's results from January 1, 1971. Interim dividend [illegible].

WARWICK ENGINEERING INVESTMENTS—Results, year ended March 31, 1971, reported July 19. An analysis of group turnover and trading loss shows: engineering £2,394,073 and loss £63,602; and powder products £1,265,654 and profit £40,395. Of the sales total [illegible] were exports. Fixed assets £645,730 (£839,472). Current assets £1,788,369 (£1,546,799) and liabilities £1,437,892 (£1,185,210). Meeting, Connaught Rooms, W.C., September 24, at noon.

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Pending dividends timetable

For the convenience of readers, the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column beaded "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
APV Hldgs.	Sept. 11	Int. 6%
*Albright and Wilson	Sept. 2	Int. due
Assoc. Cement	Sept. 25	Int. 2½%
Assoc. Dairies	Sept. 18	Final 6% ‡
Assoc. Fisheries	Sept. 15	Int. 0%
BTR Leyland	Sept. 10	Int. 7½%
Bank of Scotland	Sept. 21	Int. 9%
Bestobell	Sept. 15	Int. 13½%
Booker McConnell	Oct. 2	Int. 3%
Bovis	Sept. 23	Int. 8% forecast
Bristol St. Group	Sept. 5	Int. 10%
*Brit. Elect. Traction	Sept. 2	Final 12½% forecast
BICC	Sept. 11	Int. 4½%
Brit. Land	Sept. 11	Final 6% indicated
*Brit. Petroleum	Sept. 9	Int. 5.67%
Brit. Rollmkrs.	Aug. 20	Int. 4½%
Brit. Ropes	Sept. 23	Int. 6%
Bunzl Pulp and Paper	Oct. 1	Int. 8½%
Burmah Oil	Oct. 2	Int. 6½%
*Cadbury Schweppes	Sept. 25	Int. 4½%
*Cap. & Counties Prop.	Aug. 26	Final 51% forecast
Carpets Intl.	Sept. 22	Int. 8%
Clarke Chapman	Sept. 3	Int. 8%
Costain (R.)	Sept. 22	Int. 9% †
Dalgety	Sept. 15	Final 5%
De Beers Cons.	Sept. 8	Int. 100%
Decca	Sept. 2	Final 25%
Delta Metal	Sept. 30	Int. 7%
Dickinson Robinson Gp.	Sept. 30	Int. 10%
Doulton & Co.	Sept. 23	Int. 4%
Dunlop	Sept. 25	Int. 6½%
First Nat. Fin.	Sept. 25	Int. 15% §
Fisons	Sept. 27	Int. due
Genl. Accident	Sept. 1	Int. 10%
Guardian Royal Exch.	Sept. 24	Int. 14%
Harris and Sheldon	Sept. 22	Int. 4%
Homfray	Sept. 24	Final 13½%
ICI	Sept. 2	Int. 6½%
Inchcape	Sept. 18	Final 5%
Intnl. Distillers	Sept. 26	Final 8%
Kier (J. L.)	Sept. 17	Final 12½%
*Lamson Inds.	Sept. 29	Int. 5%
Lead Industs.	Sept. 11	Int. 3½%
Lex Service	Sept. 5	Int. 0%
Miles Druce	Sept. 17	Int. 10%
Minster Assets	Aug. 26	Int. due
Morgan Crucible	Oct. 2	Int. 6%
Pataling Rbr.	Sept. 22	Int. 7½%
Pearson Longman	Sept. 5	Int. 7½%
P. & O. Steam.	Sept. 10	Int. 4½%
Phoenix Assce.	Oct. 1	Int. 15%
*Plessey	Sept. 15	Final 5%
Portals	Sept. 15	Int. 6%
*Price Forbes	Aug. 31	Int. 17½% §
Provident Clothing	Sept. 9	Int. 8½%
*Prudntl. Assce	Sept. 23	Int. 25% ‡
Ralli Intl.	Sept. 9	Int. 25%
Ready Mixed Concrete	Sept. 8	Int. 9½%
Reckitt and Colman	Sept. 17	Int. 8%
Reyrolle Parsons	Sept. 25	Int. 6%
Rio Tinto-Zinc	Sept. 17	Int. 8%
Rowntree Mackintosh	Sept. 30	Int. 7½%
Royal Dutch	Sept. 11	Int. 17½%
Schroders	Aug. 29	Int. 3%
*Scot. and Unvsl. Invs.	Sept. 8	Final 12% indicated
Shell Transpt.	Sept. 11	Int. 24%
Simon Engng.	Sept. 29	Int. 12½%
Staplex'n Ins.	Sept. 10	Final 56%
*Star (GB)	Sept. 17	Final due §
*Steetley	Sept. 8	Int. 0%
*Sun Alliance	Sept. 1	Int. 7½%
Tarmac	Oct. 3	Int. 6½%
Tate and Lyle	Sept. 13	2nd Int. 5%
*Transport Devel.	Sept. 7	Int. 4½% ‡
Trust Houses Forte	Sept. 26	Int. due
*Tube Invs.	Sept. 5	Int. 0%
Utd. Biscuits	Sept. 17	Int. 5½%
Utd. Nwspprs.	Sept. 23	Int. 17½%
Vickers	Sept. 18	Int. due
Wadkin	Sept. 18	Int. 4½%
Wilkinson Sword	Sept. 18	Int. 5%

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY loan rates rose at the shorter-end last week, but fell in the mortgage field.

Loans at 7-days' notice were at 6-6¼ per cent. on Monday, against 5-5½ per cent. at the end of the previous week, and although falling to 5¾-6 per cent. the next two days, had risen to 6-6¼ per cent. by Friday. The one-year mortgage rate, however, eased to 6⅝-6¾ per cent., from 6¾-6⅞ per cent. at the close of the week before.

The Financial Times Government Securities Index gained 0.21 point on the week to 75.88, touching 75.89 on Thursday. The City of Nottingham issue of £5m. 8 per cent. stock, 1979-80, at 99 was over-subscribed, and the stock traded at 10½ in £10-paid form, after touching 11.

One-year local authority bonds were placed during the week at 6⅞, with a coupon of 6¾ per cent. to offer a return 1/16 per cent. less than that on the previous week's batch. Yields on longer bonds were also cut, with 6½ per cent. 18-month bonds, 7 per cent. 2-year, and 7¼ per cent. 3-year all issued at par.

An abnormal situation arose on Friday, when Aberdeen Corporation issued £500,000 of 2-year bills at 5¼ per cent., a lower rate than the Treasury bill rate reached at the weekly tender, and below the 5⅜ per cent. quoted in the market for the purchase of 3-month Treasury bills.

Public Works Loan Board rates were cut over a wide range with effect from Saturday. Quota loans were reduced by ¼ per cent. to ½ per cent., and non-quota, where changed, were cut by ¼ per cent., except in one category, where there was an increase of ⅛ per cent.

Quota loans repayable by instalment now cost 6½ per cent. (against 6¾ per cent. previously) for periods up to five years, 6¾ per cent. (6⅞ per cent.) for longer periods up to ten years, 7¼ per cent. (7½ per cent.) for longer periods up to 15 years, 7¾ per cent. (8¼ per cent.) for longer periods up to 25 years, and 8½ per cent. (8¾ per cent.) for longer still.

Quota loans repayable at maturity cost 6⅝ per cent. (against 6⅞ per cent.) for up to five years, 7⅜ per cent. (7⅝ per cent.) for longer periods up to ten years, 8⅜ per cent. (8⅝ per cent.) for longer periods up to 15 years, 9⅛ per cent. (9⅜ per cent.) for longer periods up to 25 years, and 9¼ per cent. (9⅝ per cent.) for periods beyond.

Non-quota loans repayable by instalment command 7¼ per cent. (against 7½ per cent.) for periods up to five years, 7¾ per cent. (unchanged) for longer periods up to 10 years, 8¼ per cent. (unchanged) for longer periods up to 15 years, 8¾ per cent. (unchanged) for longer periods up to 25 years, and 8¾ per cent. (8⅝ per cent.) for longer periods.

Non-quota loans repayable at maturity command 7¾ per cent. (unchanged) for up to five years, 8⅜ per cent. (unchanged) for longer periods up to 10 years, 8¾ per cent. (8⅞ per cent.) for longer periods up to 15 years, 9⅜ per cent. (9⅝ per cent.) for longer periods up to 25 years, and 9½ per cent. (9⅝ per cent.) for longer still.

*Rate (%) August 27, 1971

days' notice (deposit receipt)	6 —6¼
days' notice (deposit receipt)	6 —6¼
days' notice after one month (deposit receipt)	5⅞ —6
days' notice after three months (deposit receipt)	5⅞ —6
days' notice after six months (deposit receipt)	6 —6¼
rtgage at one month's mutual notice after 11 months	6⅝ —6¾
rtgage at one month's lender notice after 11 months (nominal term 2-5 years)	6⅝ —6⅞
years' mortgage	7⅜ —7⅝
years' mortgage	7⅝ —7⅞
years' mortgage	7⅞ —7⅞
years' mortgage	7⅞ —8
10 years' mortgage	8 —8¼†
30 years' mortgage	8 —8½†

*Rates are for sums not less than £20,000 and are subject to al variations and fluctuations. † Nominal. ‡ The shorter nominal iod may carry a higher rate than the longer.

Agreement at last in coffee talks

By Our Commodities Staff

THE ANNUAL COUNCIL meeting of the International Coffee Agreement ended in London yesterday with universal adoption of a package providing for an overall quota of 47m. bags, which this year will be divided into quarters with the heaviest weight in the second half.

The meeting, originally scheduled to end on Friday, saw protracted working group sessions in its final stages in which desperate efforts were made by both consumers and producers to find a formula to which all could agree.

The main difficulty throughout throughout the two weeks of the session was that of reconciling the the aspirations of Brazil on one side and the Robusta group of African States on the other. This feature tended to obscure the more usual clash of interest between producers and consumers.

Large users

Some European countries who are large Robusta users found themselves with some sympathy for the Africans. On the other hand the U.S. delegation seemed more conscious of their mild coffees grown in Latin America, especially as it is now believed that the Brazil crop just coming to market is of poorer quality than usual.

All producer groups are, of course, even more defensive than usual of their share of the world market, since at this time next year they will have to negotiate a new agreement to replace the present one expiring in September 1973 (assuming we are to have a new agreement).

Naturally every exporting country is anxious to increase its own share of the market in what is, basically, a market-sharing agreement, and wishes to enter the negotiation with a good performance to support its claim. This consideration underlies the struggle between Brazil and the Robusta group—the prices set for the operation of selectivity can be vital in governing the adjustments of quota for the various groups during the year beginning October 1.

Packages

During the past few days a number of different formulae had been proposed and rejected by one group or another; even a package agreed by the two giants of the agreement, the U.S. and Brazil, failed to secure complete support.

Under the final agreement, prorata overall adjustments are provided to cater for a rise or fall in the market as registered by the composite indicator as follows:

Decline to 42.75	cents cut 1m.
Decline to 42	cents cut 1.5m.
Decline to 41	cents cut 1.5m.
Rise to ...45	cents add 1m.
Rise to ...46.25	cents add 1m.
Rise to ...47.50	cents add 1m.

The composite indicator has recently been in the region of 43.50 cents. Provision is also made to restore cuts if the market recovers and to remove increases if the market declines after an addition has once been earned.

The selectivity system remains on the same pattern as during the year now ending, but with ranges as follows:

Colombian group	46-50 cents
Other Milds	44-48 cents
Unwashed Arabica	42-46 cents
Robusta	38.50-42.50 cents.

APPOINTMENTS

Mr. Minshull to be Rizla chief executive

Mr. Brian S. Minshull has been appointed managing director of RIZLA from February 1, 1972. His resignation from the Boards of Zenith Carburetter Company and its group companies becomes effective from December 31, 1971. Mr. Minshull had previously been director and general manager of Solex, and became general manager and subsequently assistant managing director of Zenith after the merger in 1965 with Solex.

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CHANGES AT GLANVILL ENTHOVEN

To expand its aviation insurance operations, GLANVILL ENTHOVEN AND CO. (Charterhouse Finance Corporation) has set up two companies, Glanvill Enthoven (Aviation) and Glanvill Enthoven (Aviation Reinsurance Brokers). They will operate from to-morrow.

The chairman of each company will be Mr. J. S. Glanvill Smith. Mr. M. W. B. Johnston becomes managing director.

Directors of Glanvill Enthoven (Aviation) will be: Mr. D. R. Peirce, Mr. D. C. Knechtli, Mr. D. N. Broad, Mr. J. P. P. Toomey, Mr. J. C. Kingston (special) and Mr. H. C. Phillips (special). Directors of Glanvill Enthoven (Aviation Reinsurance Brokers) will be: Mr. Peirce, Mr. A. C. Liddle, Mr. R. R. Bell and Mr. B. C. Elkington.

★

Mr. W. F. Hawes, Mr. P. B. Holden and Mr. E. J. Scotcher have been appointed directors of PYE TELECOMMUNICATIONS.

★

Mr. Ewart Whermby, Mr. A. H. Dudley Tyas, Mr. L. M. H. Timmermans, Mr. Robin Denniston, Mr. Mark Hodder-Williams and Mr. Michael Attenborough have joined the Board of MATTHEW HODDER from to-morrow.

Delayed Australian wool sales begin to-day

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

SYDNEY, August 30.

AUSTRALIAN wool sales begin to-morrow in spite of the uncertainty in the international monetary markets. However, Mr. W. J. Vines, acting chairman of the Australian Wool Commission, has warned that a suspension of further sales is possible.

The opening of the season has already been delayed a week because of the international monetary situation and the Japanese floating of the yen at the week-end left prospects for an opening this week in some doubt.

Enormous interest

Mr. Vines also made it clear that the Commission was determined to ensure that the currency situation did not depress wool prices. Reserve prices will be maintained firmly at the average levels in force at the end of last season, and if there were any major trading difficulties as a result of the present situation and the Commission was compelled to buy in excessive quantities at the opening sales it would recommend suspension of further sales until the international exchange crisis was resolved.

The opening sales are being watched with enormous interest in view of the indications that they may give of the real cost of the Government's proposal for an average price of 36 cents to growers. The Government's Budgetary estimates show around $A60m., but a slump in prices will mean, obviously, that more cash will be required.

And, in spite of Treasury statements on the cost, it was widely felt, even before the monetary crisis began, that any scheme to sustain a minimum wool price would cost more in the vicinity of $100m. The prospects of rising prices at this point are dwindling quickly, particularly in view of the upward movement of the yen.

WOOL FUTURES

SYDNEY—Steady. Close: Oct. 137.8-138.0, Dec. 139.8-140.2, March 142.5-143.1, May 145.8-146.3, July 147.8-148.0, Oct. 149.1-149.2, Dec. 149.9-150.0. Sales, 125.

U.S. Markets

NEW YORK, August 30.

SILVER prices plunged to their lowest levels since 1967 as heavy deliveries against September contract and the loss of confidence in the metal as a currency hedge precipitated speculative liquidation. Better consumer inquiry helped copper. Sugar tumbled with trade selling easing, values through support area touching off heavy stop-loss selling, Bache reports.

Cocoa—Bahia spot 26¾ (26¼). Ghana spot 28¼ (28½), Sept. 25.08 (25.26), Dec. 25.47 (25.67), March 25.85, May 26.27, July 26.57, Sept. 26.90, Dec. 27.26. Sales, 240.

Coffee—Santos No. 2/3 unquoted (same), Santos No. 4 42.50 asked (same), Colombian Mams 48.25 asked (same).

Copper—Sept. 49.75 (49.10 settlements), Oct. 50.50 (49.35 settlements), Dec. 50.45, Jan. 50.65. Sales, 2,232 lots.

Cotton—Contract No. 1 Nov. 24.00 bid (same), Jan. 24.50 bid (same), April 22.00 nom., June 22.00 nom. Contract No. 2 Oct. 30.62 (31.02), Dec. 31.28-31.30 (31.62-31.65), March 32.12, May 32.40, July 32.30b, Oct. 30.33b, Dec. 30.00-30.10.

§§Cottonseed Oil—Sept. 16.65 bid, Oct. 16.20 bid, Dec. 15.55, Jan. 15.85, March 15.85, May 15.86, July 15.86, Sept. 15.85. Sales, nil.

ΦGreasewool—Spot 56.0 nom. (same), Oct. 63.0-64.5 (63.0-64.8), Dec. 66.5-66.9 (66.5-67.8), March 71.6-72.0, May 72.0-73.0, July 72.9-73.5, Oct. 73.7-75.0, Dec. 74.2-76.5.

†Lard—Chicago loose 11½ bid (11½ asked), N.Y. drummed 14½ bid (14½ asked).

††Maize—Sept. 117¾ (118½-118¼), Dec. 117¾-117½ (118¾-118½), March 123¼, May 125⅜-125½.

‡Mercury—Sept. 285 (285-290), Dec. 275 setts. (275-285), March 275 setts., May 275 setts., July 275 setts., Sept. 275 setts., Dec. 275 setts. Sales, nil.

‡‡Silver—Spot 149.10 (154.80) Sept. 149.30 (152.70), Oct. 130.40 (153.50 setts), Nov. 151.50, Dec. 152.70, Jan. 153.80, March 156.10, May 158.40, July 160.60, Sept. 162.90, Dec. 166.30, Jan. 167.40 setts. Sales 11,216.

*Soyabeans—Sept. 315¾-315⅞ (318½-318¾), Nov. 315½-315¼ (317¼-317½), Jan. 319½-319¼, March 323¼, May 327, July 325½-328, Aug. 322½.

bSoyabean Meal—Sept. 79.25 (80.10), Oct. 79.60-79.40 (80.15-80.10), Nov. 79.35-79.40, Dec. 79.50, Jan. 79.80, March 80.45-80.50, May 81.60, July 82.60, Aug. unquoted.

Soyabean Oil—Sept. 13.25-13.34 (13.45-13.47), Oct. 12.77-12.80 (12.98-13.01), Nov. 12.56-12.56, Dec. 12.47-12.45, Jan. 12.39, March 12.34, May 12.32-12.30, July 12.23-12.25, Aug. 12.04-12.08.

Sugar—Contract No. 11 Spot 4.25 (4.32), Sept. 4.14 asked (4.27-4.29), Oct. 4.20-4.19 (4.32), Jan. 4.45 nom., March 4.45-4.44, May 4.45, July 4.47, Sept. 4.44-4.46, Oct. 4.41. Sales, 2,913.

Tin—167.25 asked (same).

**Wheat—Sept. 149½-149¾ (148½), Dec. 151⅝-152 (150⅞-151), March 153¾, May 151½, July 143¼.

WINNIPEG, August 30—dRye—Oct. 87 bid (86¾ bid), Dec. 88 bid (85½ asked), May 58¼ bid.

cOats—Oct. 88¾ bid (87), Dec. 86¾ asked (87¾ asked), May 68⅝ asked.

§Barley—Oct. 104⅛ bid (104⅛ bid), Dec. 104 asked (103¾ bid), May 104 asked.

dFlaxseed—Oct. 232⅛ bid (235), Nov. 233½ asked (235), Dec. 231½ bid, May 241¼.

Wheat—N. Manitoba No. 2 177⅞ (177⅞).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. † Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Drummed $'s per 10 lbs f.o.b. N.Y. ‡ $'s per 76-lb flask ex-warehouse. § Cents per 58-lb bushel ex-warehouse. ** Cents per 60-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. ‡‡ Cents per troy ounce ex-warehouse. b $'s per short ton f.o.b. cars Decatur. c Cents per 48-lb bushel. d Cents per 56-lb bushel ex-warehouse. 1,000-bushel lots. §§ Basis Lubbock, Texas. Φ New contract.

Malaysia-China rubber deal

BY OUR OWN CORRESPONDENT

KUALA LUMPUR, August 30.

THE MALAYSIAN rubber industry has secured a major breakthrough in the China market with an immediate order of 40,000 tons from China, and establishment of direct shipping between two countries.

A joint communiqué at the end of the visit of the first Communist Chinese trade mission here yesterday said also that China agreed to take 5,000 tons of palm oil and 50,000 cubic metres of timber, both on an experimental basis.

The whole deal, at current prices of the three commodities, is worth about 50m. Malaysian dollars (£6⅔m.), payment of which will be in cash.

The chairman of Pernas, the Government-sponsored national corporation, Tengku Razaleigh, stressed that 40,000 tons of rubber was an "initial" purchase. The Chinese would take more in the last four months of this year.

JUTE

DUNDEE—Quiet and prices unchanged. Offers c.i.f. U.K. for Sept.-Oct. shipment: PWB £154, PWC £144.50, PWD £136.50. Tossa: PTA £171.50, PTB £162.50, PTC £152.25, PTD £144. Calcutta goods steady: Quotations c. and f. U.K. for prompt shipment: 10-oz 40-in. £6.81; 7½-oz £5.12 per 100 yards. Sept. 6.76 and £5.17, Oct./Dec. £6.87 and £5.10. B Twills: £17.72, £17.93 and £18.20 for the respective shipment periods. Yarns and cloths quiet with only a small business passing.

MINING NOTEBOOK

Ireland's bid to be a major source of zinc

BY LODESTAR

LIKE ALL really big mining prospects throughout the world—and there are many of them on the stocks, mankind should be thankful to know—the Navan area zinc-lead find in Ireland has a number of problems to face. There is the usual law suit without which most projects these days tend to feel that they have been put into the minor league on the basis that if nobody is prepared to dispute their find it cannot be of much importance.

Then there is the vehement outcry from that newly-born crusade which, in trying quite justifiably to save the world from polluting itself into extinction, tends to work itself up into a fury over mining projects. But these are every bit as vital for mankind's existence as that other great exploitation of the earth, agriculture. They happen to be facially a little uglier although not necessarily more destructive than the farmer's lethal insecticides and impoverishment of the soil.

Tara presses on

Canada's Tara Exploration, the member of the Northgate Exploration group which is sinking large sums of money in developing the Navan find, certainly has environmental problems in this particular corner of Ireland if only because for a big open-pit project it will be necessary to divert the Blackwater, noted for its salmon-fishing.

But like all good miners without whom over the centuries it would still be a stone-age world Tara is pressing forward with its plans to bring this big discovery to production despite all the difficulties involved.

It is consequently to be hoped that the Irish Government, which has so rightfully and fruitfully backed the country's mineral projects despite an unfortunate initiation at Avoca, will not now start faltering in what should be its single-minded determination to enable the Navan project to be brought to fruition as quickly as possible by those who are best suited both technically and financially to do so.

McCarthy cheerful

Meanwhile, Tara's president, Mike McCarthy, says cheerfully that great strides have been made towards the establishment of a major mine. Ore tonnage figures are now in excess of 20m., that is to say they have doubled since April. In addition, the average metal content is now reckoned to be at least 11 per cent. compared with the April assessment of 10 per cent.

McCarthy, in fact, is already prepared to envisage that the mine should be the largest zinc producer in Europe and will rank among the four largest in the Western world. He even considers that the outlook for zinc is one of a world-wide pattern of long-term rising demand with a consequently satisfactory price expectation.

The feasibility study being carried out by Canadian Bechtel is proceeding satisfactorily as are specialist studies for the reconciliation of farming, urban and amenity interests with the mining activities at Navan. The least of Tara's worries is probably that of finance. Discussions are already in progress for the provision of bridging loans prior to the main money-raising deal. McCarthy is himself quite confident that there will be no difficulties in securing the necessary funds.

Drill values

The Irish Government, although its power to do so is the subject of a dispute with another group, has recently increased the area for which it has undertaken to grant a mining lease to Tara to some six square miles under three of which ore has already been proved to lie. In this ore there is a five to one predominance of zinc over lead and freedom from oxidation while it is amenable to the conventional flotation process to yield separate zinc and lead concentrates of good marketable quality. The latest drill essays range up to a rich combined lead-zinc percentage of 20.82 for a core length of no less than 260 feet.

Apart from this massive Navan find, McCarthy also stresses that Tara's acquisition of an approximately 8 per cent. stake in Northgate Exploration forges a strong link with an Irish-inspired expansion into the field of international mineral activity. Foremost in this link, he considers, is the "exposure given to Tara through Northgate of wider exploration reaching into Europe, North America and Australia and encompassing a wide range of minerals including nickel and gold."

Nor should Tara's own further exploration be forgotten. Naturally, Ireland still looms large in this respect. In Waterford and Wexford 134 square miles of a joint licence area and 219 square miles of solely held licences are subject to participation agreements whereby the U.K. offshoot of the big U.S. mining group American Metal Climax is currently carrying out extensive surveys including airborne geophysics.

Tara shares have come back to around 700p in London despite the recent increase in the dollar premium. They were only 90p when the Navan discovery was made last November but subsequently soared to just over 900p. According to reports from Toronto some of the selling there lately seems to have been motivated by nervousness about the disturbances in Northern Ireland. Navan is, of course, in the Irish Republic 30 miles to the north-west of Dublin.

Toronto brokers are certainly under no misapprehension in this respect. One firm, Gardner and Co., recently did a study in depth of Tara's prospects. They reached the conclusion that at the then price of $15.25 (they are down to around $13.50 now) the shares were undervalued. They put a price tag on them of $26.75, conservatively estimated on the basis of the total discounted cash flow generated from a 7,500 tons a day mill over the life of the mine. They consequently recommended purchases for "aggressive investment accounts."

Selection Trust

While on the subject of Ireland it is noteworthy that London's Selection Trust has acquired a controlling interest in a private quarrying company there, Bennicks and Bennett, which has been granted prospecting rights covering a 3-mile area under a mile from Tara's Navan orebody. It is hoped to start exploring there shortly.

Meanwhile, gossip from Australia about Selection Trust's Agnew nickel find indicates that it is still growing strongly, probably enough to warrant a further official statement soon. Curiously, Selection Trust were 700p on Friday, the same price as Tara but much less of a speculation, of course.

INSURANCE

Missing share certificates

BY OUR INSURANCE CORRESPONDENT

I MUST confess myself to have been not a little amused by the letter from Mr. David Thorburn of Glasgow, published among "Letters to the Editor" on August 18. For anyone who missed it it was short and to the point. It began:

"I wish to express my feelings most strongly about a bank charge of £2.50 which was made by my bankers in respect of the signing of a letter of indemnity in respect of a lost share certificate of the Distillers Company. It seems to me outrageous that bankers are allowed to make such a charge on shareholders who have not contributed to the loss of a certificate . . . ."

One must assume, though Mr. Thorburn did not say so, that neither the Distillers Company nor his bankers were in any way responsible for the loss. For if the company had been, surely it would have issued a duplicate without question, while if the bank had been, surely it would have made no charge?

Indemnity

Of course, it is wrong to talk about "a bank charge" in these circumstances. The £2.50 was in fact an insurance premium for an indemnity with no certain terminal date. Had Mr. Thorburn gone to an insurance company for a missing share certificate indemnity he might well have found that he would have been called on to pay more.

I will come back to the question of cost. But first to consider the company's position when it is informed by a shareholder that he has lost his certificate and wants a duplicate. The danger to the company is that both the original certificate and the duplicate may be presented for transfer at different times by two individuals, each acting in good faith, who may separately become registered as shareholders in respect of the one original shareholding.

Once a person is registered as a shareholder it is very difficult, if not in some cases impossible, for the company to have the registration cancelled because a mistake has been made. Of course, the company's position is much stronger if it is able to prove registration has been obtained by fraud, but in the nature of things, even when fraud is suspected proof may be unobtainable.

Usual practice

So standard practice is for the company to require any registered shareholder seeking a duplicate share certificate to provide an indemnity, from an insurance company or a bank, protecting the company against any loss which it may sustain as the result of issuing the duplicate. Virtually the only occasion when the company will waive the need for an indemnity, other than when the loss is its own fault, is when the registered shareholder can prove the destruction of the original certificate.

Before providing this kind of indemnity, insurers ask the shareholder to provide sufficient particulars of the missing document to enable it to be identified and its value ascertained, to describe in detail when and where the missing document was last seen or handled and how it came to be lost. Sometimes insurers require the shareholder to embody this information in a statutory declaration.

Usually the company requiring the indemnity will have its own form, which the shareholder will have to complete and sign before handing it over to insurers or his bank. This form can incorporate a statutory declaration, and may join the shareholder personally with his surety in the obligation to indemnify the company. On this latter point, if the missing certificate is for shares of high value, insurers may ask the shareholder for a counter indemnity if he does not have to give any undertaking direct to the company.

Minimum rates

Insurers normally look for a minimum rate of £1 per cent. and charge this on the market value of the shares concerned (unless the market is depressed and the value can be expected soon to rise) but may increase this rate for adverse risk factors. Moreover, all insurers require minimum premiums for small policies and regardless of rate and value will nowadays be looking for at least £3 and perhaps as much as £6 for the smallest indemnity, depending on their own particular minima.

Ship builders in Norway voice fears

By Our Own Correspondent

OSLO, August 30.

NORWAY'S shipping industry will suffer heavy losses if the yen increases substantially against the dollar, according to Mr. Olaf Malterud, director of the Norwegian Shipowners Association. The industry had big commitments in yen in the form of shipbuilding contracts in Japan, while the bulk of its long-term trade contracts are in dollars.

If the yen should be revalued by 10 per cent., in terms of dollars, the industry would lose some Kr.200m. to Kr.250m.—over a period of several years. A revaluation of the 15 per cent. would increase this figure to Kr.300m./Kr.400m. Equally unfortunate for the industry was the upward drift in value of the Swedish and Norwegian currencies, he said, because shipowners' dollar claims exceeded their obligations in these currencies by a considerable amount.

Gulf tanker rates expected to stay low

BY RAY DAFTER

THE AVAILABILITY of re-let tonnage is expected to keep oil tanker charter rates in the Gulf sector pegged at their low levels longer than originally forecast.

This is the conclusion reached by brokers Lambert Brothers (Shipping) after a week characterised by extremely dull trading conditions. The volume of inquiries in the Gulf from oil companies seeking available tankers was small, and, with re-let tonnage continuing to be available, rates to Europe have eased.

According to John I. Jacobs and Company, it was difficult to see how rates could increase, particularly for the larger ships. Even the smaller vessels with early loading potential were experiencing difficulty in finding cargoes, although there appeared to be a reasonable amount of inquiry from about September 10 onwards.

The single voyage rate from the Gulf to the U.K./Continent is put at Worldscale 55, while in the Caribbean Sea to USAC sector, rates have dropped to around W70-75 dependent upon the size of vessel.

The monetary situation and holidays have combined to dampen the period charter market. Lambert's points out there is still considerable volume of inquiry to be covered, and no doubt firm negotiations will be renewed when the market returns to normal.

London tea sales

At the tea sales held in London last week 33,425 packages sold realised an average price of 43.33p per kilo against 42.19p at the previous sale and 42.70p a year ago. Plain tea was quoted at 38.00p.

	No. of kilos	Average per kilo
African Highland Prod.	32,636	44½p
Anglo-Ceylon and Gen.	48,409	43½p
Balmoral	2,015	40½p
Bogawantalawa	20,627	48½p
Central Africa	5,025	40p
Central Province	3,562	42½p
Ceylon Tea Plantations	21,592	47p
Consolidated Estates	12,525	45½p
Demodera	18,045	41p
Dimbula Valley	4,057	41½p
Duckwari	6,934	42p
Hanipha	11,367	41p
Highland	7,062	44p
Kanan Devan	43,160	37p
Kenya	35,736	48p
Lanka	9,203	45p
Lunuva	16,991	42p
Malayalam	7,124	38p
Mayfield	4,167	41p
Namunakula	18,383	45½p
Nuwara Eliya	1,685	46p
Ouvah	12,275	42½p
Pundaloya	4,615	51p
Scottish Tea and Lands	99,040	41½p
Sirel	7,304	50½p
Spring Valley	10,809	42p
Standard	50,133	43½p
Strathspey	4,794	49p
Talawakelle	4,432	58p
Tanganyika	36,536	46½p
Telbedde	13,269	46½p
Toro	14,025	38½p

Stock at August 20 amounted to 65,404 metric tons compared with 52,420 metric tons a year ago. Converted at 45.988 kilos per package.

Golden Egg restaurant for Leicester Sq.

Financial Times Reporter

THE GOLDEN EGG group is to open a £100,000 restaurant on a site in London's West End which it has just acquired from the British Shoe Corporation.

To be operated by the company's Angus Steak Houses subsidiary, the restaurant is scheduled to open early in 1972. It will be located on the first floor of premises situated on the north side of Leicester Square alongside the Empire cinema.

The property was formerly occupied by Dolcis, the shoe retailers, and apart from the area required for the restaurant's entrance, the remainder of the ground floor will be offered for sub-letting.

Others nearby

The group already has 14 restaurants, two hotels and a public-house within a short distance of Leicester Square, and the headquarters of its hotels division is in nearby Cranbourn Street.

The latest site acquired by the group in the West End was put to open tender by the British Shoe Corporation, and the deal was handled by agents Jeffrey Young.

Mr. M. A. Bosman, Golden Egg chairman, commented on the latest plans: "Leicester Square was where we started in big-time catering with our first restaurant venture. Now it is even more the heart of our operations."

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price p	+ or −	Div. % or Amount	Times Covered	Gross Yield	P/E Ratio
	F.P.	3/9	82	75½	Allied Polymer	77	.....	b18	1.3	5.8	13.3
	F.P.	11/8	176	132	British & Can. Inv.	166	.....	9	—	1.3	—
	F.P.	—	51	40	Cap. & Counties W'rr'ts	48	.....	—	—	—	—
	F.P.	27/8	56	52	Forminster 10p	55½	.....	b37½	1.4	6.8	10.6
	F.P.	3/9	124	112	Kettering M'r Serv 10p	118	.....	b40	1.6	3.4	17.9
	F.P.	27/8	65	55	Lawdon (10p)	55	.....	b35	1.6	5.4	10.4
	F.P.	11/8	265	240	Mathews Wright'o 20p	246	.....	b40	1.5	3.2	16.6
	F.P.	16/9	72	65	Mucklow (A. & J.) Dfd.	72	.....	—	—	—	—
	F.P.	26/8	88	72	NSS Newsagents (10p)	85	.....	b22½	2.2	2.7	16.8
	F.P.	3/9	68½	66	Thanet Inv. (50p)	68½	.....	—	—	—	—
	F.P.	5/9	35½	32½	Do. Warrants	35½	.....	—	—	—	—
	F.P.	—	95	80	Unitech 10p	90	.....	a10	4.0	1.1	22.5
	F.P.	8/9	18	16½	Wright-Scriven (12½p)	17	.....	b12	1.5	6.8	17.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price £	+ or −
	F.P.	—	122	118	Adeptom new 8¾% Conv. Uns. Ln. 90/95	119	.....
	F.P.	—	99	98½	Airlease 9% Gua. $ Bds. 1986	98½	.....
	F.P.	—	99½	99	Do. 8¾% Gua. $ Notes 1976	99½	.....
	F.P.	—	103	98	Armour Trust 10¼% Part Conv. '91-6	103	.....
	£50	31/12	54½	50	Bristol Evening Post. 10¾% M. Deb. '91-6	54½	.....
	F.P.	17/9	105	95	Butterley 10% Part. Conv. 1976	105	.....
	F.P.	6/9	97¾	96¼	Capital & Counties 9¾% Uns. '91-6	97¾	.....
	F.P.	8/8	122½	101½	Cattle Hlds. 9% Conv. '87-91	122½	.....
	F.P.	—	89	82	Central & Sheerwood 10% Uns. 1981	87½	.....
	F.P.	18/8	118	101	Chloride Electrical 7½% Conv. 1985-91	118	.....
	F.P.	8/9	105	95¼	City Aero 10.2% 1st Mort. '91-6	105	.....
	F.P.	—	122½	115	Concentric 10¾% Cnv. 1986	122½	.....
	£25	14/1	29¼	27	Distillers 10¾% Uns. Ln. '93-8	29¼	.....
	—	14/10	115	93	Drakes 10¾% Uns. Ln. 71/78	93	.....
	£35	1/10	29½	28¾	Eastbourne Water 10¾% Red. Deb. '95-7	29½	.....
	£50	24/9	54½	51	Hepworth Ceramics 10.4% Deb. '92-7	54½	.....

Issue Price	Amount Paid Up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price £	+ or −
£100	F.P.	—	103⅝	100	Int. Bank 8% 1976	103⅝	.....
£97½	F.P.	30/11	103½	98	I.C.F.C. 9% Uns. Ln. Stk. 1977	103½	.....
£100	F.P.	—	99½	98½	I.C.I. Int. Fin. 8% ST. DM. Bds. '78-86	98½	.....
£97	£10	—	10⅝	10	Ireland 9¾% Stock 1991-96	10¼	.....
††	F.P.	20/8	113	103	Kleeman 7½% Conv. 1981	110	.....
£100	nil	—	8	2	Kulim 10¾% Conv. Uns. Ln. Stk. 92/97	3pm	.....
††108	F.P.	27/8	111	107½	Mid-Southern Water 10% Red. Pref. '77	108	.....
††	F.P.	15/9	102	92½	Newman Inds. 10¾% Part Conv. '86-8	99	.....
£100	£30	17/12	30⅝	29¼	Northampton Corp. 8% Red. Stk. '78.9	30½	.....
£100	£10	—	11	10⅛	Nottingham 8% Red. Stk. '79-80	10½	.....
£100	F.P.	11/8	115	108	Plantation 11% Conv. Sub. '91-96	109	.....
£100	F.P.	15/10	118	114½	Racal Elect. 8% Conv. '95.2000	118	.....
£100	F.P.	15/9	106	100	Ralli Int. 9% Uns. 1974	103½	.....
£99	£25	7/10	27½	24¼	Reeves (F.J.) 11% Deb. '96-2001	27	.....
††	F.P.	—	41	41	Rothschild Inv. 4½% Deb. Stk	41	.....
††	F.P.	—	47	47	Do. 5% Cum. Pref	47	.....
††	F.P.	—	53	53	Do. 6% Cum. Pref.	53	.....
$100	F.P.	—	98½	97	Sandvikens 8% $ Bonds 1986	98	.....
£99	£50	31/1	53½	50	Sheepbridge 10¾% Deb. '92-7	53½	.....
£100	£25	8/10	40	26¾	Throgmorton Tst. 8¾% Conv. '88-92	38½	.....
††	F.P.	14/10	129½	125	Tozer Kemsley 8% Conv. 1981	128½	.....
£100	F.P.	6/8	108	101	Union Commercial 6¾% Conv. 1986	107½	.....
††108	F.P.	16/9	112½	108½	Wrexham & E.D. 10% Red. Pref. 1977	108½	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	Stock	Closing Price p	+ or −
133	Nil	3/9	Atlas Stone	25pm	.....
140	F.P.	2/9	Bovis	203	.....
15	Nil	—	Lon. & Assoc.	3¼pm	.....

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. k Figures based on prospectus or other official estimate for 1969-70. p Pence unless otherwise indicated. ** Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ♥ Issued by way of rights. † Rights by way of capitalisation. †† Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ⁂ Provincial quotation. ♣ Introduction. ♠ Issued to former Preference holders. * Dealt in under Special Rule. ⊊ Price at time of suspension.

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Down 6.72 in dull trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, August 30.

PRICES RETREATED across a broad front on Wall Street to-day, making its dullest performance in the two weeks since President Nixon announced his Economic Programme.

The Dow Jones Industrial Average came back 6.72 to 901.43 and the NYSE All Common Index dipped 51 cents to $55.01, while losses led gains by 908-to-481.

Volume further declined 1.35m. shares to 11.140m. and was the lowest since August 20, when it was about 11.8m. To-day's volume reflected the absence of Institutional activity, with few block trades crossing the tape.

Analysts also reported that investors were hesitant over week-end suggestions by Administration officials that a profit and dividend freeze is under consideration.

American Telephone shed $½ to $43 in heavy trading on news that an FCC examiner recommended a rate of return of 8.25 per cent. against the company's request of 9.50 per cent.

The "Glamour" group came under renewed pressure. IBM gave up $5¾ to $310½, Honeywell lost $¾ to $100¾, Disney fell $2¾ to $114¾, Bausch and Lomb dropped $6¾ to $149½, and Avon Products declined $4 to $93 and was the most active issue with 322,900 shares.

Airlines also lost ground. KLM shed $1¾ to $36½, TWA were down $¾ to $30½, as were Pan American to $11½, while Delta eased $½ to $45½.

Steels were soft, despite the sharp rise in output last week. U.S. Steel were lowered $1½ to $32¾, Bethlehem declined $¾ to $26¾, Jones and Laughlin lost $2¾ to $16, Republic gave way $¾ to $26¾ and Armco were off $½ to $18½.

Motors also weakened. General Motors dropped $1¾ to $82¼ and Ford lost $¾ to $69½.

Railroads were subjected to profit-taking, although Penn Central moved up $¾ to $6¾ after a large block trade. Southern Rail lost $1 to $88¾ and Southern Pacific were down $1½ to $44¾.

Unfavourable Press comment hit some members of the Retail Group. Sears declined $3 to $93¾, J. C. Penney dipped $1¾ to $68¾, and Kresge shed $1 to $92½.

Dome Mines fell $2¾ to $62¾ in a still weakened Gold sector.

The American SE Index lost 8 cents to $25.19 in a volume of 2.49m. (2.73m.) shares.

OTHER MARKETS

Canada irregular

Canadian Stock Markets were irregular in tight trading yesterday. Industrials, Base Metals and Banks were firm, but Western Oils, Utilities and Papers eased. Golds were weak, falling 5.58 on index to 168.69.

Falconbridge Nickel improved $2½, Fruehauf Trailer rose $1¾, United Fund Management moved up $1½, while Scottish and York Holdings, Erie Diversified and General Distributors were each up $1.

PARIS—Monetary uncertainties continued to depress prices.

Denain rallied Frs.4.2 in Metallurgicals but Chiers fell. Stores were generally weak.

Transatlantic stocks were generally well maintained, with IBM and General Motors firm.

GERMANY — Markets were lower, with trading still adversely affected by monetary and other economic uncertainties. Private interest was minimal. Kaufhof dropped DM8 in Stores, Degussa fell DM6.8.

Bonds continued firm, particularly Public issues.

AMSTERDAM. Internationals were easier in quiet dealings.

Local industrials and Publishers were lower, but Plantations and Investment Funds were slightly up. Shippings and Banks were mixed, Insurances lower.

State Loans were quietly mixed.

BRUSSELS. Market was lower, in thin trading.

Golds were barely changed. In Dutch issues, Akzo and Hoogovens were lower, Paribas and Peugeot declined in the French sector, while Siemens fell in Germans.

SWITZERLAND—Markets were narrowly mixed in dull trading. Major Banks and Financials generally eased. Swissair eased following its new financing programme.

Dollar stocks mostly well maintained, Dutch issues steady, Germans slightly lower.

MILAN—All sectors were again sharply lower. Banks, Insurances and Holdings shared the downtrend with the day's lows registered at the close.

Bonds were quiet.

STOCKHOLM—Irregular trend.

AUSTRALIA — Minings weakened, with "heavyweights" markedly lower. Oils were mixed, with the North-West Shelf partners showing good gains. Industrials were easier.

Utah lost 15 cents to $3.30 but Peko Wallsend were 30 cents higher at $8.90. Queensland Mines rose 40 cents to $5.90 but Pancontinental came back 6 cents to $1.28.

In Oils, Woodside closed 9 cents higher at $1.37 and the Contributings added 8 cents at 93 cents. Timor lost 3 cents to 33 cents.

Among Industrials, Pioneer Concrete shed 7 cents to $1.05.

JOHANNESBURG—Golds firmed on small local professional demand. Platinums were dull, Metals generally unchanged.

Industrials quiet and slightly easier.

COPENHAGEN — Generally quiet.

OSLO—Banks well maintained, Insurances quiet, Industrials and Shippings barely steady.

VIENNA — Generally depressed, although some Buildings advanced.

INTERNATIONAL COMPANY NEWS

Europe

● SCHERING said group turnover rose 14.2 per cent. to DM596m. in the first half of 1971 compared with the same period last year. In a letter to shareholders Schering said parent company turnover rose 13.5 per cent. to DM387m., but added that the growth in sales will probably be lower for the whole of 1971 than in the first half.

● KONINKLIJKE NEDERLANDSHE HOOGOVENS EN STAALFABRIEKEN'S Fl.60m., 8 per cent., 15-year loan was priced at 101 per cent., Algemene Bank Nederland, as a member of the issuing consortium, said. Lists will be open and close on August 31.

● NV INDUSTRIEELE HANDELSCOMBINATIE HOLLAND (IHC) said net profit in the first 28 weeks of this year rose 19.4 per cent. to Fl.5m. from Fl.4.2m. on sales increased to Fl.186m. from Fl.157m. Net profit per 100-Guilder share rose to Fl.19.17 from 16.85 on share capital increased 5 per cent. to 26.2m. (24.9m.). Orders in hand stood at Fl.436m. (372m.), with unfilled orders totalling 274m. against 367m.

● GIST-BROCADES NC said first half net profit fell to Fl.7.3m. from Fl.11.1m. in same 1970 period, on sales increased to Fl.255m. from Fl.231m. Company said measures to halt the profit decline will not affect results in the second half of this year because of continued heavy rises in labour costs.

● NV BEKAERT of Zwevegem Belgium, has decided to establish a new commercial undertaking at Johannesburg, South Africa. The company, named Leon Bekaert (Southern Africa) (Proprietary), is a joint-venture of N.V. Bekaert and M. H. Goldschmidt (Proprietary) Ltd., a South African corporation member of the U.S. Gerber-Goldschmidt group. Bekaert has taken a 60 per cent. interest in the capital of the new company, equal to $28,000.

Others

● SOUTHERN PACIFIC PETROLEUM, in association with two other Australian companies, has joined an international consortium of petroleum exploration companies to apply for concession in the offshore areas of the U.K. Continental shelf.

● HUNGERFORD HILL, at an extraordinary meeting in Sydney, approved the setting up of a $A4.6m. wine making joint venture with Rothmans of Pall Mall.

● NEW BROKEN HILL CONSOLIDATED will cut its interim dividend for the six months ended June 30 to 6 cents from 10.7 cents, on unaudited profit of $A5.1m. ($A7.4m.).

North America

● HONEYWELL INC. expects third quarter earnings to rise from 53 cents per share in the second quarter this year, and 49 cents in the third quarter of 1970.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport ‡	Indus. *	Util. Φ	Trading volume† 000's
Aug. 30	70.74	240.22	901.43	112.28	11,140
27	70.66	241.82	908.15	113.05	12,490
26	70.67	241.56	906.10	112.69	15,990
25	70.61	242.32	905.37	113.50	13,220
24	70.52	241.18	904.15	113.55	15,700
23	70.61	237.04	893.38	113.51	15,040
20	70.59	232.60	880.91	113.55	11,590
19	70.48	230.55	880.17	115.69	14,190
18	70.55	227.02	886.17	114.42	20,650
1971 High	71.88 (6/4)	242.52 (25/8)	950.82 (28/4)	128.59 (19/1)	—
Low	68.62 (4/1)	169.70 (4/1)	830.57 (4/1)	111.93 (9/8)	—

* All-time high 995.15 (9/2/66)
‡ All-time high 279.88 (7/2/69)
Φ All-time high 163.32 (20/4/65)
† Excluding bonds

IND. DIVIDEND YIELD p.c.

Aug. 27	Aug. 20	Sept. 11 1970
3.51	3.62	4.22

N.Y. SE ALL COMMON INDEX

Dec. 31 1965=50

1971 High	1971 Low	Mon.	Fri.	Thurs.	Wed.	Tues.
57.76 (28/4)	49.73 (4/1)	55.01	55.52	55.59	55.46	56.42

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,683	481	908	294

1970/71	Mon.	Fri.	Thurs.	Wed.	Tues.
New Highs	55	58	53	95	91
New Lows	19	30	26	23	28

AMERICAN SE ALL STOCKS AVERAGE

1971 High	1971 Low	Mon.	Fri.	Thurs.	Wed.	Tues.
26.69 (28/4)	22.72 (4/1)	25.19	25.27	25.23	25.24	25.24
Volume (000's)		2,490	2,730	3,220	4,110	3,950

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Aug. 30	109.96	99.52
27	111.06	100.48
26	110.50	100.24
25	110.95	100.41
24	110.89	100.40
23	109.69	99.34
20	108.49	98.33
19	108.31	98.16
18	108.84	98.60
17	110.43	99.99
1971 High	115.34 (25/4)	104.77 (28/4)
1971 Low	99.73 (4/1)	61.15 (4/1)

*425 Industrials. †425 Industrials, 50 Utilities and 25 Rails. (1941=10.)

STOCK AND BOND YIELDS

	Aug. 25	Aug. 18	Aug. 26 1970
Industrial div. yield pc	2.85	2.91	3.67
Price-earning ratio	18.72	18.34	16.39
Long-term Govt. Bds. yields pc	6.00	5.01	6.88

MOST ACTIVE STOCKS

	Shares traded	Closing price	Change on day
Avon Products	322,900	93	−4
Marcor	273,000	34¼	−1
Union Carbide	222,600	47¼	−1¼
Holiday Inn	172,000	44¼	−¼
Mfrs. Hanover	146,500	32¼	+¼
Amer. Tel. & Tel.	127,200	43	−¼
Crown Cork	130,400	19	−¼
Penn Central	113,400	6¾	+¾
Union Corp.	102,800	11¼	−1¼
Transamerican	79,800	19¾	−¼

TORONTO INDUSTRIAL INDEX

Closed August 2

Aug. 30	Aug. 27	High 1971	Low 1971
176.42	176.94	188.74 (2/1)	173.20 (23/8)

MONTREAL INDUSTRIAL INDEX

Aug. 30	Aug. 27	High 1971	Low 1971
155.90	163.47	188.89 (26/4)	176.50 (4/1)

COMBINED INDEX

Aug. 30	Aug. 27	High 1971	Low 1971
150.55	150.56	185.09 (20/4)	172.85 (22/2)

JOHANNESBURG

	Aug. 30	Aug. 27	High	Low
Industrials	187.8	189.4	212.4 (16/6)	163.8 (13/1)
Golds	71.0	71.9	89.2 (19/4)	71.0 (30/8)

(1966=100.) Source: Rand Daily Mail.

AUSTRALIA

MELBOURNE YIELD INDICES

Av'ge yield on 60 Leading Stocks	Aug. 26	Aug. 19	Aug. 12
On Dividends	5.68	5.77	8.64
On Earnings	2.64	2.77	9.62

SYDNEY ALL ORD. INDEX

Aug. 30	Aug. 27	High 1971	Low 1971
462.46	467.24	619.51 (4/1)	449.90 (25/8)

TOKYO

NEW SE INDEX

Base=100 January 4, 1968.

Aug. 30	+ or −	Div. %	Yield %
176.46	+1.41	11.90	3.51
1971	High 208.19 (13/8)		Low 148.83 (5/1)

EUROPE

	Aug. 30	Previous	1971 High	1971 Low
Belg'm (m)	103.05	105.70	106.74 (30/7)	92.18 (5/1)
France (bb)	74.0	74.2	73.2 (22/7)	74.0 (30/6)
Germany *	102.52	102.51	112.7† (25/2)	94.96 (5/1)
Holland (o)	114.4	116.6	128.0 (18/4)	112.6 (5/1)
Italy †	47.37	48.99	60.09 (5/3)	47.37 (30/8)
Sweden (p)	290.96	290.25	292.7† (25/6)	245.71 (5/1)
Switz'rl'd **	405.3	406.9	412.9 (10/9)	363.6 (4/1)

* Herstatt Index. † Base amended to January 2, 1962, from December, 1950. ** Swiss Bank Corporation Index base 100 December, 1966. (b) Basis 100 December 29, 1967. (c) Closed. (m) Base-date amended from 1953 to 1963. (o) Adjusted now quoted on basis 1963=100 and no longer 1953=100. (p) Base date December 29, 1958. (bb) New index introduced by Paris Bourse Committee basis 1961=100.

CANADIAN WEEKLY LIST

[illegible]

SINGAPORE

Industrials slightly easier. Rubbers and Tins dull.

[illegible]

HONG KONG

Market firm.

[illegible]

TEL AVIV STOCK EXCHANGE

Company	Unit	Prices August 29 1971 %	Change on the week %	Last Div. (Total) Cash %	Last Div. (Total) Scrip Bonus %	Yield per annum %	High From Aug. 1970 to July 1971	Low
Bank Leumi le-Israel "A"	IL 1	242.5	+6.1	15	25	5.1	279.5	216.5
Bank Leumi Investment	IL 1	169	+3.0	15	25	8.8	164.5	148
General Mortgage Bank Bearer	IL 15	147	+2.0	17	95	11.5	187.5	132
Union Bank	IL 1	120	+6.6	8	—	6.6	118	100
IDB Bankholding	IL 20	158	+11.2	7	—	5.0	123	162
Discount Bank Investment Bearer	IL 0	150	+6.7	12	—	8.6	151	118.4
Israel-British Bank Bearer	IL 16	132	−3.2	12	—	9.0	167	136
Bank Hapoalim Bearer	IL 1	190	+5.5	16	—	6.3	126	176
Wolfson-Clore	—	60	+3.4	—	—	—	50.2	39
GUS Tassiot	IL 10	80	−2.4	7	—	8.7	83	60.5
Africa, Palestine, Investm't	IL 16	139.5	+2.1	12	—	8.6	134	92
Delek The Israel Fuel Corp. Reg.	IL 16	108.5	+6.5	12	—	11.0	116.5	98
Israel Land Development Bearer	IL 1	118	+9.1	9	—	7.5	99	66
Bayside Rural and Suburban Settl. Co. 9pc. Pref. Ord.	IL 10	66.5	+4.0	—	—	—	45.6	33
"ATA" Textile "B"	IL 16	24	+3.2	11	6	11.7	106.5	85
Dead Sea Works	IL 1	112.3	+3.6	5.8	—	4.8	125.6	111
American Israel Paper Mill Israel Regd.	IL 1	183.6	+7.6	8.17	—	4.4	212	13[illegible]
Anglo-Israel Investors	IL 1	100	+3.6	3	—	3.6	96	7[illegible]
Israel Electric Corp. Israel Regd.	IL 1	53.6	—	7.5	—	14.0	61.3	[illegible]
Mehadrin (Citrus Groves)	IL 1	136.5	+3.8	16	—	7.3	128.6	[illegible]

Source: Bank Leumi le-Israel, Tel Aviv.

MADRID STOCK EXCHANGE PRICES

Percentage of par value (Ptas.500)

Name of Stock	Week's High	Week's Low	Close Aug. 27	Change on week	Div. %	yield %
Altos Hornos de Vizcaya	93	90.50	93	−1.50	5.00	5.37
Banco Central	964	955	955	−12	11.97	1.25
Banco de Bilbao	865	855	865	+8	13.83	1.59
Banco de Vizcaya	801	793	801	+11	14.22	1.77
Banco Espanol de Credito	736	731	733	−3	11.33	1.46
Banco Exterior de Espana	380	379	380	−1	9.95	2.61
Banco Hispano Americano	735	729	732	−6	12.01	1.64
Auxiliar Ferrocarriles	120	120	120	−0.50	7.00	5.83
Cia Ilustrias Agricolas	288	282	288	+7	8.50	2.95
Cia Espanola de Petroleos	380	378	378.5	−7	10.20	2.69
Cia Insular del Nitrogeno	127	124	124	−4	6.80	5.48
Cia Sevillana Electridad	226.5	224	224.5	+0.50	9.50	4.10
Cia Telefonica nal de Espana	298.7	295	298.7	+4.52	8.07	2.70
Dragados y Construcciones	570	565	565	−10	8.50	1.50
Ebro Azuc. Alcoholes	699	695	695	−6	13.60	1.95
Espanol del Zinc	123	121	121	−2	5.10	4.2
Fuerzas Elect. Cataluna	231	230	231	—	10.00	4.3[illegible]
Galerias Preciados	315	315	315	—	11.47	3.64
Hidroelectrica Espanola	234.7	233	234.7	+1.75	10.00	4.25
Iberduero	286	284	284	—	10.00	3.52
Union y el Finix Espanol	686	678	686	—	12.00	1.74
Min Sid. de Ponferrada	160	153	160	+7	6.66	4.16
S.A. Cros	194	186	194	+3	5.10	2.62
S.A. el Aguila	297	290	296	+6	9.35	3.15
S.E. Auto. Turismo Seat	480	480	480	—	15.00	3.12
Astilleros Espanoles	72	70	71.5	−0.50	4.52	5.90
Sdad Met Duro Felguera	71	71	71	−0.25	5.00	7.04
Espanola Sniace	151	150	151	—	8.00	5.29
Union Explosivos R.T.	266	265	266	—	10.20	3.83
Simago	—	—	300	—	—	—
Banco de Santander	829	815	821	−13	10.78	1.31

Par values: Ptas.500 except *Ptas.250, †Ptas.150, ‡Ptas.1,000.
Source: Banco Central Madrid

AUSTRALIAN WEEKLY LIST

[illegible]

OVERSEAS SHARE INFORMATION

Investment $ Premium 23¾% (25¾%)

NEW YORK

RAILROADS

[illegible]

INDUSTRIALS, ETC.

[illegible]

PUBLIC UTILITIES

[illegible]

TRUSTS, BANKS & BOND

[illegible]

TORONTO

[illegible]

MONTREAL

[illegible]

GERMANY

[illegible]

AMSTERDAM

[illegible]

OSLO

[illegible]

PARIS

[illegible]

BRUSSELS

[illegible]

SWITZERLAND

[illegible]

VIENNA

[illegible]

MILAN

[illegible]

TOKYO

[illegible]

STOCKHOLM

[illegible]

COPENHAGEN

[illegible]

AUSTRALIA

[illegible]

JOHANNESBURG

[illegible]

warrants will be posted on the [illegible]

AUTHORISED UNIT TRUSTS (p***)

[illegible]

OFFSHORE AND OVERSEAS FUNDS (p***)

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

Commercial Union Group
St. Helen's, 1, Undershaft, E.C.3. 01-283 7500

Var'bleAnAccUts.	52.18		.....	—
Do. AnnuityUts.	12.73		.....	—

Cornhill Insurance Co. Ltd.
32, Cornhill, E.C.3. 01-626 5410

♥Capital Aug.15	138.0		.....	—
♥G.S.S'pe'lAug.16	57.5		.....	—

Crusader Insurance Co. Ltd.
Vincula Hse., Tower Pl., E.C.3. 01-626 8031

GrowthPropAug2	50.4	53.2	.....	—

Dominion-Lincoln Equity Assur.
18-24, Maltravers St., W.C.2. 01-836 3883

L'in G'lyn Aug.17	171.4		.....	—

Eagle Star Insce./Midland Assce.
Investment Advisers: Hill Samuel and Co.
100, Wood Street, E.C.2. 01-628 8011

Eagle Units	48.8	50.2	−0.2	3.12
Midlands Units	48.9	50.2	−0.2	3.12

Ebor Phoenix Assurance
31-32, King Street, E.C.2. 01-851 0092

Assured Bd Aug. 2	37.7		.....	—
En'd'wmt July20	37.3		.....	—

Prudential Pensions Limited
Holborn Bars, ECIN 2NH. 01-405 9222

EqtyFd. Aug.18	£15.42	£15.65	.....	—
FxdInter.Aug.18	£10.26	£10.60	.....	—
Prpty.Fd.Aug.18	£9.84	£10.26	.....	—

Reliance Mutual
Tunbridge Wells, Kent. 0892 22271

RelianceProp.Bds	106.3		.....	—

NOTES

... price. *h* Distribution free of U.K. taxes. p*** Pence except where otherwise indicated. *y* Offered price includes all expenses if bought through managers. †Excluding securities profits payment. *z* Previous day's price. *c* Offered price includes all expenses except agent's commission. *§* Single premium insurance bonds. ◆ Share split. ♥ Net of tax on capital gains. ● Not authorised by the Board of Trade. ‖ Guernsey yield. Φ Not available: Exchange rate difficulties.

Money & Exchanges

(Bank Rate 6% April 1, 1971)

Credit was in short supply in the Discount market for the most part last week. Revenue transfers to the Exchequer exceeded Government disbursements on Monday and Wednesday, gilt-edged settlements and a net Treasury bill take-up ran persistently against the market's favour, and there was an appreciable rise in the note circulation on Friday, ahead of the long week-end.

The authorities gave a very large amount of assistance on Monday, and although no official intervention was required on Tuesday, there were small official purchases on Wednesday, an amount described as "very large indeed" on Thursday, and a very large sum on Friday. The purchases were mostly of Treasury bills, but include some of local authority bills.

At the Treasury bill tender, the discount market syndicate raised its bid 1p to £55, and with £… bills offered and allotted, received a quota of 47 per cent. Three-month maturities were offered for sale subsequently at 5⅝ per cent., against 5⅛ per cent. earlier. Aberdeen Corporation issued by tender on Friday £500,000 2-month bills at 5¼ per cent.—below both the 2-month and 3-month buying rates quoted for Treasury bills. In the inter-bank market, overnight money cost up to 8½ per cent. at one point on Wednesday, having touched a level as low as 4½ per cent. on Monday. On Friday, the rate fluctuated between 5¾ per cent. and 6¾ per cent., before ending at 5 per cent. to 6 per cent. There was a tendency towards firmer rates at the short-ends of the various sterling markets, but there were reductions in some of the longer short-term rates.

Foreign exchange dealings reopened in London on Monday of last week, after the market had been closed by the authorities the previous week, as a result of the international monetary crisis. New arrangements allowed the pound to float upwards from the official lower limit of $2.38. The Belgian franc, the Italian lira, the Swedish krona, the Norwegian krone and the Danish krone were all among currencies permitted officially to join units such as the German mark, Dutch guilder and Canadian dollar in floating above the previously permitted ranges against the dollar. *Dealings in the* French franc were split between those on commercial account, maintained within the established range against the dollar, and those on financial account, free to float. The Swiss franc was left free to rise above the official ceiling, but towards the end of the week, moves were made to *restrict the flow of funds into* Switzerland. The U.K. announced measures to restrict flows of short-term capital into the U.K., late on Friday. The Japanese yen was floated with effect from Saturday, after there had been substantial purchases of dollars by the Japanese authorities during the week. There was a strong demand for *Euro-dollar* deposits over the turn of the month, with up to 65 per cent. paid on Friday, and this gave support to other Euro-dollar rates. Sterling closed in London on Friday at $2.4695-$2.4710, against $2.4624-$2.4666 in New York the previous week, and touched $2.4830 on Thursday. The *3-month pound rose to* 5/16 premium on Thursday, and closed on Friday at 1/8 cent premium.

Guilders hardened to Fl.3.44 to the dollar. Belgian commercial francs to Frs.48.34½ (with financial francs around par with the convertible), marks to DM.3.3965, Swedish kronor to Kr.5.0525, and Swiss francs to Frs.3.9775, while Canadian dollars hardened to 96.00 U.S. cents. Italian lire softened somewhat on the week, however, to Lr.614.75 to the dollar. Japanese yen were quoted around 341.70 to the dollar in Tokyo yesterday, with the Japanese authorities said to be intervening.

FOREIGN EXCHANGES

Aug. 27 1971	Bank Rate %	Market Rates: Day's Spread	Close
New York	6	2.46½-48¼	2.46⅞-47⅛
Montreal	5¼	2.495⅛-.505⅜	2.49⅛-.1⅛
Amst'dam	5½	8.47-.55	8.47½-.50½
Brussels	6	118.50-120.00	118.80-119.50
Copenh'gn	7½	18.08-.10	18.09-.12
Frankfurt	6	8.38-.42	8.37-.39
Lisbon	Δ3¾	65.00-70.00	60.00-66.00
Madrid	††6	170.00-172.50	171.00-172.00
Milan	5	1,510-1,550	1,514-1,518
Oslo	4½	16.96½-17.05	16.98½-99½
Paris	6¾	13.56½-.65	13.56½-60½
Stockh'lm	5	12.47-.55	12.48½-51½
Tokyo	5¼	n.a.	n.a.
Vienna	6	58.00-61.00	59.00-60.50
Zurich	3¾	9.80-.87	9.80-.84

Δ Bank of Portugal discount rate. †† Basic discount rate.

OTHER MARKET RATES

Argentine	12.22-12.32
Australia	2.1429-2.1514
Brazil	13.10-13.39
Greece	73.70(sg.)
Hong Kong	14.330-14.614
Luxembourg	118.80-119.20
Malaysia	7.35-7.39
New Zealand	2.1367-2.1482
*South Africa	1.7573-1.7741
U.S.-Canada C$1=U.S. cents	98.97-99.03
‡ Note rates:	
Argentine	14.10
Austria	58.61
Belgium	117-121
Brazil	15-17½
France	13.05-13.35
Germany	8.30-8.40
Italy	1475-1525
Japan	825-875
Netherlands	8.40-8.60
Spain	166-171
Switzerland	9.60-9.90
U.S.	2.46½-2.48½

‡ Rates quoted by specialist dealers. Other rates may be quoted elsewhere. (sg.) Selling rate. * Rate now fluctuating.

FORWARD RATES

—	One month	Three months
New York	1/16-1/16 c. dis.	1/16-3/16 c. dis
Montreal	Par-¼ c. dis.	⅜-⅛ c. pm.
Amst'dam	2½-1 c. pm	8½-5 c. pm
Brussels	100-50 c. pm	200-150 c. pm
Copenh'n	3-9 ore dis	8-14 ore dis
Frankfurt	n.a.	8½-7 pf pm
Lisbon	3½-2 pf. pm	n.a.
Milan	12-4 lire pm	18-8 lire pm
Oslo	8 ore pm-Par	13-3 ore pm
Paris	13-6 c. pm	27-17 c. pm
Stockh'lm	Par-2 ore dis	Par-2 o dis
Vienna	n.a.	n.a.
Zurich	6-4 c. pm	14½-12½ c. pm

n.a. Not available.

EXCHANGE CROSS-RATES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

ACCOUNT DEALING DATES

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug. 9	Aug. 19	Aug. 20	Sept. 1
Aug. 23	Sept. 2	Sept. 3	Sept. 14
Sept. 6	Sept. 16	Sept. 17	Sept. 28

* "New time" dealings may take place from 5 p.m. three business days earlier.

LONDON MONEY RATES

	Discount market deposits	Treasury bills Φ	Bank bills Φ	Fine trade bills Φ
	4-5⅞	—	—	—
	—	—	—	—
	4¼-5⅞	—	—	—
	—	—	—	—
	—	6⅜	6⅞-6	—
	—	5⅞	6⅞-6	6¼-7½
	—	—	6⅛-6	6¼-7¾
	—	—	—	—
	—	—	—	—
	—	—	—	—

...mortgage rates: three years 7⅝-7⅞ per cent. ... Selling rates for Treasury bills 5⅜ per cent. ... bills and for trade bills unavailable. ... cent. from August 2.

UNIT TRUST PRICES

(Supplied by Managers)

Prices in pence	Aug. 27	
National Group (‡)		
Nat. Unit 'U' Second Series	144.0	151.5
Century Trust	42.4	43.6
Nat. Consolidated Unit Trust	228.0	238.5
Universal Second Unit Trust	95.5	98.5
Commercial Consolidated	246.0	255.2xd
Hundred Trust	39.4	40.6
Gas & Electric Second Series	373.6	388.0
Inv. Sec. General Trust	51.6	53.6xd
Investors General Trust	215.0	224.4
Provident Investors Second	130.8	138.4

CORAL INDEX
Close 415-420

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REGIONAL MARKETS

—	Price Aug. 27	A=Div. B=Times covered A	B	Gross yield %
BELFAST				
Belfast C.3¼pc'75	£96	—	—	6.1
Belfast Rope £1	75	—	—	—
Hughes (B)£1	150	8	1.5	5.3
Vulcanite	107	♦25	Φ	5.8
IRISH EXCHANGE				
Exch'q'r6pc 80/85	£74.92	6	—	8.e
Alliance Gas £1	95	10	1.0	10.4
Cement Road	66	†18	Φ	6.0
Clondalkin	64	12½	1.6	6.8
Goodbody £1	32½	—	—	—
Goulding	62	8	†1.8	3.9
Heiton Hldgs.	60	15	3.0	5.2
Irish Distillers	109	17	e.1	3.0
Irish Wire	73½	17	Φ	6.8
Jacob	45	20	Φ	10.9
Silvermines £1	21	—	—	—
Smith Group	63	17.3	1.3	8.e
Sunbeam	46	22½	0.8	16.2
Unidare	26½	—	—	—
W'ford Glass 5p	60	‡15	Φ	1.9
MIDLANDS & WESTERN				
B'ham Post 'A'	46½	11½	1.7	6.2
Castings 10p	30	d28	1.4	9.3
Clough (A) 5p	12½	6	‡1.2	2.0
Dunn (W.H.) 10p	0	2½	0.6	2.8
Evans 10p	29½	21½	1.6	7.3
Evans (Frdk) 10p	3e	†17½	2.0	5.0
Evered	30	12½	1.0	10.4
Fordham HD 5p	67½	38	Φ	e.9
Frost & Reed 50p	127½	11½	5.4	4.8
Gardiner £1	80	—	—	—
Gordon J-St.	12½	18½	1.8	—
Haig Ship. £1	290	25½	4.4	8.8
HallamSleigh 10p	14½	2	—	1.4
Hill (Charles) £1	133½	6	2.7	4.4
Kleen-E-Ze	47½	d18	1.0	7.8
Lovell's Ship. £1	75	4	U0.7	5.5
Lye Trading 10p	22½	15	2.1	e.7
Pearce C. H.	41½	12	Φ	7.2
Penarth Eng.	55	♦7½	2.3	3.4
Sindall (Wm.)	45	d17½	1.1	10.1
Smith (Herm.) 10p	10	10	Φ	10.0
Supra. Chem.	42½	15	1.3	8.8
Vincent (H.)	[illegible]			
Watsham's	[illegible]			
Wykes (Leic.) 10p	[illegible]			
NORTHERN EXCHANGE				
Albany Inv. (20p)	[illegible]			
Ash Spinning	[illegible]			
B'g'ave Mills (20p)	[illegible]			

‡ Prices in pence ... redemption yields ... tions of other signs ...

[illegible]

FINANCIAL TIMES STOCK INDICES

—	August 27	August 26	August 25	August 24	August 23	August 20	A Year ago
Government Sec.	75.68	76.89	75.88	76.74	76.74	75.67	70.49
Fixed Interest	73.17	75.17	74.73	74.74	74.67	74.79	72.01
Industrial Ordinary*	416.8	416.2	419.2	417.8	412.1	409.4	340.7
Gold Mines	48.7	51.0	52.0	53.0	53.6	53.6	91.7
Ord. Div. Yield pc	3.68	3.68	3.67	3.68	3.72	3.76	4.91
Earnings Yield pc (a)	5.74	5.74	5.76	5.74	5.81	5.86	5.75
P.E. Ratio (a)	17.42	17.4e	17.48	17.42	17.21	17.08	14.82
Dealings Marked	10,676	11,738	11,829	11,321	11,189	10,670	7,061

*10 a.m. 413.1 11 a.m. 412.9 Noon 411.0 1 p.m. 414.4 2 p.m. 414.9 3 p.m. 414.9

(a) Based on 40% corp. tax from March 30, 1971. Latest Index 01-248 5026

HIGHS AND LOWS

—	1971 High	1971 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	73.89 (26/8/71)	68.83 (6/1/71)	127.4 (9/1/35)	64.21 (11/6/69)
Fixed Int.	75.17 (26/8/71)	69.63 (4/1/71)	150.0 (28/11/47)	57.12 (11/6/69)
Ind. Ord.	419.2 (25/8/71)	305.3 (5/3/71)	521.0 (19/9/68)	49.4 (26/6/40)
Gold Mines	81.3 (18/3/71)	61.0 (26/8/71)	100.0 (12/9/56)	44.0 (13/1/70)

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

S.E. ACTIVITY

—	August 27	August 26
Daily—		
Gilt-Edged	154.8	177.8
Industrials	392.e	436.7
Speculative	151.7	148.4
Totals	843.0	267.2
5-day ave—		
Gilt-Edged	178.6	185.0
Industrials	41e.0	409.1
Speculative	157.2	160.8
Totals	258.3	267.5

SHARE INFORMATION SERVICE: NOTES

Denominations are 25p unless otherwise indicated.

Yields allow for value of declared distributions and rights and are based on middle prices.

Estimated price-earnings ratios and ... dividend passed or deferred. *c* Canadian. *x* Figures based on prospectus or other official estimates for 1971-72. *y* Figures based on prospectus or other official estimates for 1970. *c* Assumed dividends and yield after pending scrip and/or rights ...

[illegible]

WEEKLY AVERAGES OF U.K. INDICES

Week to—	Aug. 27				
Financial Times					
Govt. Secs.	75.83	[illegible]			
Fixed Interest	74.90	[illegible]			
Industr'l Ord	416.4	[illegible]			
Gold Mines	51.6	[illegible]			
Dealings mkd	11,350	[illegible]			

[illegible]

F.T. SHARE INFORMATION SERVICE

BRITISH FUNDS

Interest Due	Stock	Closing Price £	When last xd	Gross Yield Interest £	Gross Yield R'demption £
	"Shorts" (Lives up to Five Years)				
15F. 15A.	Conv. 6pc 1972	100¼	6.7	5.98	6.37
1F. 1A.	Gas 3pc 69-72	92⅞	2.7	4.05	5.53
5F. 5A.	Exchequer 6¼pc 1972	100⅝	2.7	6.20	5.39
15J. 15J.	Exchequer 6¾pc 1972	101⅝	5.6	6.63	5.35
1A. 1O.	Electric 3pc '68-73	96¾ xd	25.8	3.10	5.16
1A. 1O.	Transport 3pc '68-73	97⅛ xd	25.8	3.09	4.95
15J. 15D.	Conv. 5¼pc 1974	97⅞	10.6	5.36	6.10
11J. 11D.	Treasury 6¾pc 1974	101⅛	5.5	6.64	6.18
15F. 15A.	Savings 3pc '65-75	90⅛	6.7	3.33	5.85
—	Treas. 6% 1975	98⅝	—	6.08	6.44
1M. 1S.	Exch. 6½pc 1976	96⅞	26.7	6.57	6.80
15F. 15A.	Treasury 6½pc 1976	98⅞	8.7	6.58	6.80
	Five to Fifteen Years				
1M. 1S.	Victory 4pc 1976	98	26.7	4.08	4.84
1M. 1N.	Funding 4pc '60-90	98¼	25.5	4.12	5.24
16M. 16S.	Electric 5pc 1974-77	87⅝ xd	8.6	3.42	5.60
20J. 20D.	Transport 4pc '72-77	89½	14.5	4.51	6.19
26M. 26S.	Exchequer 5pc '76-78	91 xd	26.8	5.47	6.54
25M. 25S.	Electric 4¼pc '74-79	85½ xd	20.8	4.25	6.54
15M. 15N.	Do. 3½pc '76-79	81⅞	8.4	4.53	6.55
15J. 15D.	Treasury 3½pc '77-80	20¾	18.5	4.36	6.54
15J. 15D.	Funding 5¼pc '78-80	90	10.5	5.90	6.96
15F. 15A.	Treasury 3½pc '79-81	78½	9.7	4.46	6.81
15J. 15J.	Do. 8¼pc '80-82	104⅛	8.6	8.25	7.98
15J. 15J.	Funding 5½pc '82-84	84⅜	8.6	6.55	7.51
15J. 15J.	Treasury 8¾pc '84-86	102⅓	5.6	8.42	8.37
	Over Fifteen Years				
1M. 1N.	Funding 6¼pc '85-87	67⅛	25.3	7.65	8.22
1J. 1J.	Transport 3pc '78-88	67⅛	25.5	5.30	7.61
15A. 15O.	Treasury 5pc '86-89	70⅞	6.5	7.24	8.35
5A. 5O.	Funding 5½pc '87-91	75⅞	1.8	7.88	8.55
15M. 15S.	Funding 6pc 1993	73 xd	8.8	8.19	8.76
17M. 17N.	Treasury 9pc 1994	100⅝	13.4	9.18	8.20
1M. 1N.	Gas 3pc '90-95	49⅜	25.3	6.20	7.82
15M. 15S.	Treas. 9pc '92-6	97¾ xd	8.8	9.21	9.83
1A. 1O.	Redp. 3pc '86-96	48½ xd	26.8	6.21	7.66
1M. 1S.	Treasury 8½pc 1997	95¼	26.7	9.16	9.23
—	Treas. 8½pc 1997 "A"	92⅛	—	9.21	9.26
1M. 1N.	Treasury 6¾pc '95-98	79⅜	25.1	8.72	8.99
14J. 14J.	Funding 3½pc '99-04	46½	7.6	7.60	8.31
10M. 10S.	Treasury 5½pc '08-12	65 xd	4.9	8.71	8.86

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

PUBLIC BOARD AND OTHER LOANS

Corporation Short-dated Bonds

FOREIGN BONDS & RAILS

London U.S. Dollar and DM Issues

AMERICANS

S.E. List Premium

CANADIANS

Dividends Usually Paid	Stock	Closing Price pence	When last xd	Div. % or amount	Times covered	Gross Yield %
F.A.J.Jy.O.	Abitibi Paper‡	360	98.1	—	—	—
My.Je.S.O.	Bk. Montreal ($2)	810	28.7	75c	—	3.9
F.My.AuN.	Bk. Nova Scot. ($2)	£13⅝	28.6	78c	—	2.4
	Bow Valley ‡	£13⅝	—	5c	—	—
O.JaApJly.	Brascan‡	960	25.6	$1.0	—	4.5
—	C.P. Oil & Gas‡	350	—	—	—	—
F.My.AuN.	Can. Imp. Bk. ($2)	£11⅝	28.6	69c	—	2.5
July Jan.	Can. Pacific ($5)	£32⅝	28.6	$3.25	—	4.2
July Jan.	4pc N. Cum. P. ($5)	114	25.6	4	—	4.4
July Jan.	4pc Deb. (£100)	£41¼	17.5	4	—	9.7
Apr. Jly.	Cons. Bathurst‡	435	4.8	$1	—	2.6
J.Ap.Jy.O.	Gulf Oil Can.‡	£12⅝	28.6	57c	—	1.9
—	Hawker Sid. Can.‡	195	—	—	—	—
F.My.AuN.	Hollinger ($5)	£19⅞	28.7	$1.20	—	2.6
Apr. Nov.	Hudson's Bay‡	950	18.3	46c	—	3.0
Jan. July	Hud. B. Oil G. ($2½)	£23⅝	8.7	50c	—	0.9
Mr.Je.S.D.	Imasco	£10	25.5	80c	—	3.3
Mr.Je.S.O.	Imperial Oil‡	£14⅝	25.8	52½c	—	1.5
F.My.AuN.	Int. Nat. Gas $1	670	25.7	50c	—	3.1
Mr.Je.S.D.	Int. Nickel‡	£18⅞	20.8	$1.50	—	3.7
S. D. Je	Massey Ferg.‡	555	11.11	$1	—	—
December	Pacific Petrol ($1)	£17½	16.11	30c	—	0.7
—	Place Gas ($1)	62	—	—	—	—
June Dec.	Rio Algom‡	775	5.6	40c	—	2.1
M.Je.S.D.	Royal Bk. Can. ($2)	£13⅞	26.7	86c	—	2.6
May	Steep Rock ($1)	110	21.7	15c	—	5.7
F.My.Au.N.	Tor. Dom. Bk. ($2)	£13⅛	28.6	68c	—	2.2
J.Ap.Jy.O.	Trans.Can. Pipe ($1)	£18⅛	28.6	$1	—	2.3
June Dec.	Westcoast‡	£13⅝	8.8	60c	—	1.6
Mar Sept.	White Pass‡	670	95.2	25c	—	1.6

S.E. List Premium 29¾ (based on $2.4969 per £)

BANKS AND HIRE PURCHASE

†† Banks, etc.

Dividends Usually Paid	Stock	Closing Price pence	When last xd	Div. % or amount	Times covered	Gross Yield %	P/E Ratio
July Feb.	AlexandersD. £1	305xc	12.7		—	4.5	—
Nov. May	AllenHarvey £1	490	5.5		—	4.1	—
Aug. Mar.	Allied Irish £1	500	5.5	18	—	3.6	—
Aug. Feb.	Anglo Israel £1	147	26.7	10	—	6.9	—
Dec. July	Arbuthnot L. £1	285	14.6	10	—	3.6	—

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS, ETC.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING AND METAL

ENGINEERING AND METAL—General—Cont'd

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS AND CATERERS—Continued

INDUSTRIALS (Miscell.)

"Recent Issues" "Rights" Page

warrants will be posted on the 20th September

INDUSTRIAL (Miscell.)—Continued

Dividends Usually Paid		Stock	Closing Price	When last xd	Div. & or amount	Times covered	Gross yield %	P/E Ratio
Nov.	Apr.	Incledon Lamb.	61	8.3	15	1.4	6.1	11.4
June	Dec.	Inl.C.C'ns 10p	23	5.10	6	φ	2.6	φ
Jan.	Aug.	Initial Services	69½	12.7	15	1.4	5.4	13.6
Mar.	Aug.	Inter-City (20p)	28½	11.1	d5	1.0	3.5	28.5
Aug.	Feb.	Int Comput'rs £1	115	28.6	11	1.5	8.2	7.8
Sept.	Mar.	Int. TimeRec.	110	25.8	120	2.4	4.5	10.4
Apr.	Oct.	James (John)	30½	25.8	d12	φ	8.8	φ
June	Jan.	James (M.) 10p	46	3.5	d20	3.3	4.4	6.8
Nov.	June	JardineM'HK$6	322	—	15.9	2.2	9.1	21.5
Apr.	Nov.	Jentique (5p)	19	15.2	16½	φ	4.3	φ
Oct.	Apr.	Jeyes Group	93	22.3	†19	1.4	5.2	14.2
Oct.	Apr.	Johnson Clnrs.	60	22.5	†8	0.6	3.3	31.8
Feb.	Aug.	JohnsonMthy£1	270	28.6	12½	1.8	4.6	12.2
November		Judge Int.	74	18.11	13	1.3	4.4	17.5
May	Dec.	Kalamazoo	183	3.5	†33½	1.9	4.6	11.8
May		Kangol 20p	94	17.5	20	8.7	4.3	8.6
June	Jan.	Kelsey Ind. 12½p	62	28.5	24½	8.4	5.8	6.9
March		Kennedy Sm. 20p	53	15.2	20	φ	9.4	φ
Mar.	Sept.	Kent (Geo.)(50p)	66	25.1	5	1.6	1.7	32.5
Oct.	Apr.	Kleeman	260	8.5	32½	2.0	2.9	17.4
—		Kode Int.	22	—	—	—	—	—
Mar.	Sept.	LRC Int. 10p	126	9.8	d40	1.6	3.2	20.3
Nov.	Apr.	Lamson Inds.	90	8.3	13½	1.5	3.8	17.2
Nov.	May	Lancaster Cpts.	269	2.4	30	3.4	2.2	10.6
Nov.	June	Launderette 10p	34½	17.5	d24	2.0	7.0	7.3
May	Dec.	Lawtex	31	17.5	†18	1.3	9.7	φ
Nov.	July	Leboff Fobel 10p	55	14.8	d18	1.5	3.3	20.6
November		Lebus Harris £1	21	6'68	B—	—	—	—
Oct.	June	Leeds Assets	137	22.5	†25	2.2	4.6	11.6

†† INSURANCE

Dividends Usually Paid		Stock	Closing Price	When last xd	Div. & or amount	Times covered
Dec.	July	Bowring (C.T.)	454	28.5	38	2.6
July	Jan.	Brentnall B'd 10p	94	12.7	d34	1.7
Sept.	Apr.	Britannic 5p	262	8.5	†165	—
Nov.	May	Comm. Union	462	22.5	†61	—
Jan.	July	Eagle Star (50p)	416	28.5	24	—
Nov.	June	Economic	250	3.5	45	—
	June	Equity & Law 5p	232	17.5	110	—
Oct.	May	Excess	246	19.4	35	—
Dec.	Aug.	Fenchurch (10p)	87	12.7	45	1.2
Dec.	Aug.	Do. "A" (10p)	85	12.7	45	1.2
Dec.	June	Gen. Accident	199	13.4	22	—
Dec.	June	Guardian Royal	246	5.5	32	—
May	Aug.	Hammond (L.)	93	22.5	20	φ
Jan.	June	Heath (C.E.) 20p	209	11.5	37	1.5
Dec.	June	Howden A. 10p	138	11.5	42½	1.6
Dec.	May	Legal & Gen. 5p	340	19.4	†135	—
Sept.	May	Leslie & Godwin	400	23.8	45	1.8
Nov.	May	Lon. & Man. (5p)	153	13.4	93½	—
Dec.	July	Mercury (50p)	188xc	14.8	d15.3	1.5
Nov.	May	Minet Hldgs 20p	340	17.5	d30	2.5
Nov.	June	Orion £1	620	3.5	22½	—
Oct.	June	Pearl 5p	282	2.4	200	—
Dec.	June	Phoenix	262	3.5	34	—
Oct.	April	Price Forbes	278	8.5	435½	1.6
Jan.	May	Provident 'A'	178	18.4	28	—
Jan.	May	Do. 'B'	174	18.4	28	—
Nov.	May	Prudential (5p)	174	2.4	d64	—
Nov.	April	Refuge 'B' 5p	195	2.4	135	—
	July	Reinsurance	70	17.5	10	—
Nov.	June	Royal	418	19.4	†52	—

PROPERTY—Continued

TEXTILES—WOOL

TRUSTS, FINANCE, LAND—Continued

TEAS—Continued

India and Pakistan (cont.)

Ceylon

MINES—CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND

PLATINUM

CENTRAL AFRICAN

AUSTRALIANS

TIN—EASTERN

TIN—NIGERIAN

TIN—MISCELLANEOUS

COPPER

MACHINE TOOLS

MOTOR, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Aircraft

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

STEELS

TEXTILES—GENERAL

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

UTILITIES

OILS

RUBBERS—MALAYSIAN

RUBBERS—MISCELLANEOUS

SISAL

TEAS

India and Pakistan

MISCELLANEOUS

Dividends Usually Paid		Stock	Closing Price	When last xd	Div. & or amount	Times covered	Gross yield
—		Burma Mine (17½p)	4½	4'61	—	—	—
Apr.	Oct.	Cons. Prov. Mn. 12½p	24½	8.8	†c10	φ	8.7
—		Charterhall (5p)	16½	8'67	—	—	—
Aug.	Feb.	Cons. Murch (10c)	340	28.8	:80c	2.1	1
Sept.	Mar.	G. P. Mg. Ind. Ob.	178½	22.8	7½	38.0	10.8
July	Dec.	Northgate (C$1)	395	23.8	50c	8.2	5.3
June	Dec.	R.T.Z.	217	18.4	24	1.8	2.8
—		Sabina Mines (C$1)	220c	—	—	—	—

For Notes, see Page 41

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THE LEX COLUMN

Quantifying the Composites' recovery

BEHIND the generally strong stock market performance of the financial groups this year, a wide variety of differing performances among the various sectors—ranging from a 23 per cent. gain for life insurance to one of 84 per cent. for the banks—has been explicable by the varying industry backgrounds. For the banks it was a season of exceptionally good results imposed on a low p/e ratio structure; for properties it has been the growing revelation of the value of development programmes over and above current asset values; and the relative weakness of the life sector has been due to the apparent vulnerability to inflation of fixed contracts in industrial life with their typical 33 per cent. or so expense ratios.

The relative strength of the composite insurance group—up 49 per cent. since the beginning of the year against 33 per cent. for the all-share Index—dates back to late 1969 and is easy enough to link with the upturn in the U.S. underwriting cycle. A reduction in the U.S. industry operating ratio from 100.9 in 1969 to 99.5 last year is expected to be followed by an even greater improvement this year—a major recovery in motor business being the main dynamo.

Discounted elements

For the rest, U.K. motor can be thought of as another recovery area after the big rate increases of September to January, while central Europe is known to contain trouble spots: Commercial Union referred specifically to Austria, a relatively important area to it, but there are reasons for doubting any quick upturn in Germany.

The picture so far is well enough known and it would be surprising if it were not largely discounted in the various share performances. General Accident stands out in its commitment to motor, writing 23 per cent. of its total premiums in U.S. motor and 15 in U.K. motor against about 10 per cent. and 6 per cent. respectively for the rest of the industry: and GA has been a chief gainer this year—up about 60 per cent., along with Royal. Equally CU has lagged a bit this year with a 45 per cent. rise and Guardian RE, with a fifth of its business in Germany, is up only 32 per cent. In terms of predictive value, then, it must be assumed that foregoing analysis is null and void, having been overtaken by prices.

Fundamental investment analysis is presumably only valid to the extent that it isolates those true underlying developments which have not been discounted; and the interest of Wood Mackenzie's latest review of the composite sector is that it breaks further new ground after last year's breakdown of the U.K. groups' U.S. business by branch and state.

As far as the U.S. is concerned, the projection is an industry-wide improvement of no less than 4 points in the loss ratio. Other things being equal, this is the kind of improvement that might be expected from GA with CU and Royal falling behind. However, with an eye to the importance of New Jersey and Pennsylvania to GA—states where rates have been lagging—and in view of CU and Royal's greater commitment to the states with free rating structures, the brokers finally put GA's loss ratio reduction figure at 3.5 points, not far ahead of 3.0 for Royal and 2.9 for CU.

U.K. motor

The review now gives the same treatment in depth to the U.K. groups' business in Canada, which takes 8 per cent. of their premiums (12 for Guardian RE) though since a deterioration in property insurance is expected to offset an improvement in motor, the projection is merely a modest deterioration all round except for Guardian. Aside from South Africa which is important to Eagle Star and Germany which has been mentioned, the U.K. is the only remaining key area and the outcome in the motor business is the main puzzle.

The background is a loss last year in the motor business amounting to some 14 per cent. of premiums, twice as bad as the 1969 result, together with exceptionally profitable experience in property insurance: some reversal of this trend would be the expectation this year but the latest sounds from the industry have given a warning note over the extent of any recovery in motor. On the basis of premium rates prevailing this year and last, WM have calculated an average effective earned premium index showing 132 for 1971 as against 105 for 1970 (base 100 in 1968). There is every sign that such a progression is about right and it is hard to see how it could fail to produce an appreciable recovery this year.

Nonetheless the timing of the individual increases is crucial to the outcome in any one year and it may be no coincidence that GA (index 140 on the WM calculation) seems more confident than E Star (index 125). There is, moreover, no reason to challenge the brokers' projections of U.K. underwriting improvements of £4m. and £1.6m. for GA and E Star as against deteriorations of around £1½m. for CU and Royal.

Growth rating

The final earnings estimates emerging for this year put all the seven leading companies on prospective multiples of between 17½ and 19 except for Eagle Star whose 23 p/e ratio reflects its not only much higher life content, but also the loss elimination potential in its Canadian liability, and U.K. motor business. Since 1971 only represents the second year of recovery in what has typically been a 6 year underwriting cycle from trough to trough, it is a fair speculation that the group as a whole is heading for higher relative rating. The message of the WM study may well be that 1971-72 marks the peak of profitability in the U.S. and U.K. motor markets. But the bull point for the sector is the size of its investment income relative to the scale of underwriting loss which the industry as a whole, simplistically, is prepared to tolerate.

Lombard

Too many people out of work

BY JOE ROGALY

NOW that the summer holidays are mostly over it is time to look again at the news, which came towards the end of them, that no fewer than 904,000 people are out of work. We are well on the way to the million mark, and will have come as close to it as makes no difference even if the downturn begins within the next month or so. What is more, it is hard to conceive of anything sensible that the Government might do to bring the figure down in the short run.

Yet everyone knows that the situation is intolerable. A million unemployed, or something near to it, is neither necessary nor right in the U.K. of 1971. There is no way around this fact, whether it be the glib argument of the old-fashioned market economist that you have to break eggs if you are to make omelettes (translation: put them out of work and scare them into lower wages), or the smug assumption of the modern official who points out that, since the dole is so high, unemployment, even on a large scale, hardly matters any more.

Most hurt

For the truth is that a long period of increasing and large-scale unemployment does cause undoubted hardship to great numbers of people—and, paradoxically, those who are most hurt (the prematurely retired, the nearly unemployable, and the like) are the ones who are least likely to return to the labour market or to have any effect, direct or indirect, on the wage demands that young strong workers are making through their trade unions.

It is true that for the first six months of any period of unemployment a man may not be too badly off, financially. (His state of mind is another question.) With any luck he will start off his stretch out of work with a redundancy cheque in his pocket. There will probably be a tax rebate. Unemployment benefit, which goes up by 20 per cent. in three weeks' time, will be supplemented by an earnings-related extra, the amount depending upon his earnings between £20 and £42 a week.

These benefits

After six months, however, the wage-related extra falls away. The tax rebate is likely to have come to an end by this time, and the redundancy money will mostly have been spent. It is at this point that many of the unemployed apply for Supplementary Benefits (formerly National Assistance). After a year they have to rely on these benefits entirely, since even the flat-rate unemployment benefit falls away then.

Now the latest available figures (for July 12) show that the normal trend is continuing: that is, roughly a sixth of the unemployed have been on the books for a year, and almost as many again for between six months and a year. Extrapolate these figures to 900,000 unemployed on August 19, and you have up to 120,000 who have been out of work for between half a year and a whole year and a further 140,000-150,000 who have been unemployed for longer than a year.

Hardships

The Supplementary Benefits machinery ensures, or should ensure, that these people do not actually starve, but there can be no doubt that many of them have suffered the loss of a standard of living (that of an average British worker, say, or better) to which they had become accustomed—and that this loss has been felt for a considerable period of time. For those with families, it is a matter of serious concern and genuine hardship.

Now some people will reply that everything is all right really, since Mr. Barber's third Budget will see to it that the economy turns around in due course and that more jobs are eventually created. Perhaps it will: the forecasting of the future of the British economy is a dangerous game. But if signs of the turn-around do not appear during the winter the political pressures will soon build up, and Mr. Barber may find himself casting around for fresh ideas to include in his fourth Budget.

Ministry's plan for UCS faces stewards' threat

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

GLASGOW, August 30.

THE GOVERNMENT'S plan to set up a provisional Board for a new company to succeed the bankrupt Upper Clyde Shipbuilders may run into serious difficulty if the shop stewards carry out their threat of non-co-operation.

The Board. Mr. James Reid, senior Clydebank shop steward, said to-day, would work along the lines of the Government's advisory group, suggesting a severely curtailed operation based on two yards at Govan and Linthouse. "This we refuse to accept," said Mr. Reid. "We have always made it clear that the price of our co-operation is the maintenance of all four yards and employment."

"Key appointments"

Last week Mr. John Davies, Secretary for Trade and Industry, said he hoped to announce soon "key appointments" to the Board. He also warned, however, that even the Govan Linthouse solution would be in jeopardy if the unions refused to co-operate. The advisory group—"the four wise men"—have recommended a unit employing some 2,500 workers and staff out of a total of about 8,000.

The response of redundant workers to the shop stewards' call for a "work in" appears to have been slightly better this week than last week, when about two-thirds of them obeyed the call.

Incomplete figures suggest that about 160 or 225 people paid off last week reported for work to-day, amounting to a little over 70 per cent. The turn-out was almost 100 per cent. among technical staff but much lower among hourly paid workers, 21 of whom left voluntarily. (Last week's voluntary departures amounted to eight.)

Mr. Reid denied to-day that the shop stewards' fighting fund ran into a financial crisis, although he acknowledged an urgent need for cash. Money already available, he said, was sufficient for at least two to three weeks. There might, however, be a shortage when the 1,000 workers expected to be paid off during next month report for the "work in."

The affairs of UCS will be in the limelight throughout this week. To-morrow there will be a creditors' meeting which promises to be stormy, while on Wednesday the Scottish TUC's unofficial inquiry with Professor Raymond Illsley, of Aberdeen University, in the chair, gets on its way.

To-morrow, too, Mr. Davies will meet a small group of trade union leaders led by Mr. Victor Feather, general secretary of the TUC, to discuss terms of reference for the latter's proposed Clydeside Development Authority.

During the week also more light might be shed on Mr. Kelly's continuing interest in UCS now that his plan for the entire complex can be virtually written off.

Mr. Kelly is apparently still interested in the Clydebank yard, the former John Brown yard, though his ambitious dry dock proposal seems to be out of court.

Government aid

The proposal, requiring an investment of several million pounds, hinges on substantial Government aid, which both Mr. Davies and Sir John Eden, the Minister of Industry, insisted could be considered only if Mr. Kelly undertook a "deep-seated" feasibility study.

Mr. Kelly's offer of investing £1m. in Clydebank—an operation which would involve the retention of two berths and the sale of ground comprising the other two—does, I understand, depend on, first, an assurance by the Government of some financial aid as well as a share of existing UCS contracts (which the Government is anxious to retain for its Govan-Linthouse operation) and also co-operation from the unions.

IOS hopes for early break-even

By Our Own Correspondent

GENEVA, August 30.

IOS Ltd., the parent company of Investors Overseas Services, to-day reported a $4.3m. loss for the first six months of this year. Losses in the first half of 1970, at the height of the company's crisis, amounted to $25.8m.

In making the announcement here to-day, Mr. Robert Slater, IOS president, noted that the loss reported for the first quarter of 1971 amounted to $4m. indicating that losses in the second quarter totalled only $300,000. He expected that by September IOS would be operating at a break-even level.

The improvement was attributed to extensive cost reduction and reorganisation programmes.

Mr. Slater reported that a major effort had been undertaken to permit the various subsidiaries of IOS to function independently. All major subsidiary operations were now functioning profitably, he added.

Bear Brand in overseas talks on trading pact

BEAR BRAND has announced that it is at an advanced stage of negotiation for a trading agreement with a major overseas hosiery manufacturer. It hopes the final terms will be embodied in a contract to be signed within the next few days.

The effect of this agreement would be for Bear Brand to receive on loan a number of modern machines together with technical assistance and advice which should result in substantial cuts in production cost.

Return

In return, Bear Brand would undertake to supply a range of hosiery, non-competitive with that sold under its own label in the U.K., to its overseas partner at a price which should ensure a manufacturing profit to Bear Brand.

The company explained yesterday why the announcement had been made before the agreement was formally concluded.

Notice had been received, it was stated, that for Friday's annual meeting at Liverpool proxies had been sought in order to oppose the re-election of Mr. Frank Welsh, the Lloyds Bank nominee on the Board.

"In view of the relationship between the company and its bankers and the need for the continued support of Lloyds Bank in its anticipated expansion, the directors are naturally anxious that the Board should remain intact and have circularised shareholders asking them to complete proxies to ensure this.

"Indeed, a condition of the agreement being signed is the continued support of the bank," Bear Brand said.

The negotiations presuppose that the present Board of Bear Brand is allowed to pursue the policies of the past year, when the distribution agreement with Benson's Hosiery was in force.

In his chairman's statement to shareholders, Mr. H. A. Bainbridge indicated that group resources would need to be concentrated on the production of hosiery, which should result in an increase of employment at the Merseyside factory.

It will, however, necessitate the rundown of knitwear production at the Scottish plant. Discussions with union officials and employees will start immediately.

Sheila Black writes: Mrs. Ann Ford, who until three years ago was marketing director, has asked for shareholders' proxies for no specified purpose. She claims "a very high number, with more coming in by every post."

Her husband, Mr. Philip Ford, former president and one-time chairman and managing director of the Bear Brand group, who resigned in March, 1970, is expected to support a move to re-elect Mrs. Ford to the Bear Brand Board.

Outlets

The company's fortunes, which were expected to improve with the building up of a greater number of outlets through the link with Benson's Hosiery company, did not rally as expected last year. Part of the cause, according to the chairman, was Bear Brand's intensive marketing in the cheap end of the market—referred to by Mr. Bainbridge as the "suicide end."

Both Mr. and Mrs. Ford are expected to attend Friday's annual meeting.

School building plan will cost £173m.

By Michael Dixon

A £173M. BUILDING programme for primary and secondary schools in England and Wales during 1973-74 is announced by the Department of Education and Science to-day.

The money includes more than £48m. for Mrs. Margaret Thatcher's campaign to improve or replace old primary school buildings. This £48m., together with £43.5m. already alloted for 1972-73, will enable nearly 1,000 old buildings to be renovated.

The building programme is announced in a report by the Department which shows that nearly £1,200m. (at current prices) has been spent on major school-building projects since the Second World War.

Since 1947 about 2.9m. new primary school places, and 2.6m. new secondary school places, have been provided.

INCREASE IN $ CERTIFICATES

Issues of London dollar certificates of deposit outstanding rose $92m. to $4,475 in July, according to figures released by the Bank of England.

Holdings of the certificates in the secondary market increased $10.8m. to $105.9m. Secondary market purchases during the month came to $396.3m., and sales to $375.8m., while the market held $9.7m. of maturities.

Continued from Page 1

Foreign exchange markets

control regulations as soon as the immediate pressure of events subsides. Conservative Parliamentary opinion is likely to press in the same direction. For Tory MPs will not enjoy being ironically taken to task by the Opposition for increasing the degree of control on foreign exchange and foreign investment compared with the position that existed under the last Labour Government.

Similar controls to those imposed in London are now in force in several Western European countries, including France, Germany and Switzerland. While the official explanation did not mention this in justification, it is known that the Bank of England, as well as the Foreign Office, is keen on a common European response to the dollar situation.

Treasury view

While the Bank is motivated mainly by this and by fears of speculation, the Treasury is mainly influenced by its conviction that the sterling exchange rate ought not to move upwards appreciably: and that its net movement against all currencies should, if anything, be downward.

The actions taken presuppose that the Treasury has a better idea than the market of the exchange rate which is likely to balance Britain's overseas payments in the medium term.

Since the controlled float of some of the world's major currencies began just over a week ago official monetary authorities have clearly been trying by a mixture of intervention and control to prevent more than a modest net appreciation of their own currencies against the dollar. In part this reflects the fears of Governments about the possible erosion of their payments surpluses and the desire to err on the side of under-valuation.

This is particularly evident in the case of France, which has not allowed any appreciation in the official trading franc against the dollar. Now that the Japanese have moved, the pressure both in the market and in diplomatic negotiation is likely to be turned onto France.

This mutual jostling for "a favourable" parity represents in part the carry-over of fixed exchange rate habits into a world of floating currencies where payments surpluses and deficits need not arise at all. Moreover, to the extent that non-dollar countries succeed in maintaining favourable parities, they will have to accumulate dollars.

A more immediately pressing reason for the reluctance to see very much appreciation is the desire to bargain parity adjustments against the withdrawal of the U.S. surcharge. This line of reasoning presupposes that the U.S. authorities also continue to think in pre-floating, pre-embargo terms—a pre-supposition that may be justified. But, as a matter of sheer arithmetic, if the U.S. surcharge were eliminated the dollar would eventually automatically depreciate in the foreign exchange market without the need of concessions by America's trading partners.

No evidence

But despite the reluctance of Governments to trust market forces, there is no evidence that the British or the other major Governments with currencies on floating rates have decided as a matter of policy to limit rate movements to within 3 per cent. of the old official dollar parity. While short-term tactical behaviour may conform to this impression, a major feature of a controlled float is that the authorities can always alter their tactics if market forces prove too strong, and do not need to announce a political decision before allowing rates to shift to different levels.

Editorial Comment Page 8

GOOD FLIGHT FOR JAGUAR

The first Anglo-French Jaguar two-seater prototype jet built to RAF specifications completed its maiden flight near Preston, Lancs., yesterday.

The jet, piloted by the British Aircraft Corporation Military Aircraft Division's chief test pilot, Paul Millett, was airborne for 46 minutes. Mr. Millett, 40, said: "An absolutely good flight—no problems whatsoever. I went supersonic for a couple of minutes."

Irish border: Dublin's help needed

BY DOMINICK J. COYLE

SLIGO, August 30.

THE IDEA of effectively sealing off the 250-odd miles of mainly unmarked border separating the Irish Republic from Northern Ireland is impossible in practical terms. Security could certainly be increased on the Northern side, given an availability of adequate manpower, but the net could never be complete.

In the wake of yesterday's ambush of a scout car, for which the IRA Provisionals in Dublin have claimed responsibility, it is understandable that many Unionist politicians in the North have to-day demanded immediate steps to shut off most of the 140 or more crossing points along the frontier, leaving intact only the 19 "approved" crossing points.

Co-operation

Mr. John Taylor, the junior Minister at Stormont's Ministry of Home Affairs, claimed that the land frontier had been effectively closed during the last major outbreak of IRA terrorism in the 1950s, but the success of that operation stemmed mainly from the decision of the then Dublin Government to intern militant extremists. No similar, immediate co-operation should be anticipated from the present Government of the Republic.

Senior officials of the Departments of Foreign Affairs, Defence and Justice to-day examined the first reports on the Irish side of yesterday's shooting incidents in the Crossmaglen area. I understand that the preliminary view of the Government is that no evidence exists to substantiate the claim that the shots which killed the British soldier came from Republican territory. A further detailed examination on the ground was continuing late this evening.

The statement on behalf of the IRA Provisionals said that one of its units had been involved in "an engagement with British troops just inside the Armagh border"—claiming the incidents had taken place on Northern Ireland territory.

Much of the frontier between the two parts of Ireland is unmarked. Even local residents are often unsure where the boundary line runs, particularly in the general area of yesterday's incident.

Closing all the roads across the frontier would still leave the adjoining fields completely open. It would take at least a doubling of the number of British troops here (some 12,000 at present) even to begin an effective border surveillance, and that would require the extensive use of helicopters.

London's view

Irish Army and police surveillance does continue along the southern side of the frontier but it suffers from inadequate manpower. It has been estimated that the police would require at least another 2,000 men.

● Richard Evans, Lobby Correspondent, writes: The border incident was regarded with the utmost gravity in London last night but official comment was being reserved until all the facts were available.

Sir John Peck, Britain's Ambassador in Dublin, was instructed by the Foreign and Commonwealth Office to obtain from the Irish authorities a full report of the shootings and an explanation of why Republican troops reported to be in the vicinity apparently made no effort to prevent the incident.

He was also asked to seek assurances that no effort would be spared by the Dublin Government in hunting down those responsible. The danger of the incident is that it could make the already strained relations between London and Dublin even worse. In particular, it could make more difficult the launching of a political initiative involving Mr. Lynch's Government.

An explosion at a Guinness brewery office in Grosvenor Road, Belfast, shook the city last night.

Weather

U.K. TO-DAY

A deep depressi[on ...] Southern Iceland wi[ll move] slowly E[...] pressure will advance e[...] over the British Isles. Eastern districts will have spells at first, but cloudy with rain will spread [...] parts. In the North, [...] be heavy in places, [...] followed by a return t[o ...] weather with clear [...] Temperatures generally [...] little below the normal.

London, E. Anglia, S.E., Cent. S. Eng., Midl[ands] — Some bright spells, [...] ing mostly cloudy w[ith occa]sional rain. Wind S.W. [...] becoming fresh. Max. [...]

Channel Is., S.W. and [...] — Rather cloudy, occa[sional rain] and hill and coastal fo[g ...] later. Max. 18C (64F).

N.W., N.E. and Cent. N., N. Wales, Lakes, [...] — Rather cloudy with but clear intervals at [...] 17C (63F).

Borders, S. and Cent. [...] — Becoming increas[ingly cloudy] with rain spreading [...] intervals in evening. [...] (61F).

N. Scotland, Orkney, [...] — Mostly cloudy with [rain] at times, but shower[y with bright] intervals later. Max. [...]

Shetland — Some bright inter[vals ...] then cloudy with per[iods of rain]. Max. 13C (55F).

Outlook: Rain at ti[mes ...]

BUSINESS CENT[RES]

HOLIDAY RESO[RTS]

S—Sunny. F—Fair. C—Cloudy. D—Drizzle.